Page 10

Time Warner

# EINANCIAL TIMES

Europe's Business Newspaper

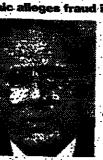
### Japanese draft budget aims to stimulate growth

Japan's finance ministry published a 1993-94 draft budget which aims to balance an expected fall in tax revenues with a desire to stimulate the economy. The draft, which increases total outlays by just 0.2 per cent, but public works spending by 4.6 per cent, will be debated by the government. Page 12; Editorial Comment, Page 10

BfG deal faces further disruption: Differences over plans for Credit Lyonnais to take control of Germany's BfG bank have been resolved, it was claimed, though further potential obstacles emerged to the deal. Page 13

Ciga, international hotels group controlled by the Aga Khan, is selling 51 per cent of its Italian hotel-owning arm for L301bn (\$214m) in a last-min-ute effort to meet a year-end deadline imposed by bankers to reduce borrowings. Page 13

Panic alleges fraud in Serbian elections:



Milan Panic, the Yugoslav prime minister, alleged widespread fraud in Sunday's Serbian presidential elections and called for a fresh ballot as early returns indicated victory for Serbian president Slobodan Milosevic. With about 10 per cent of the vote counted, unofficial results showed the Serbian president had received 56 per cent

against 33 per cent for Mr Panic. Page 12 UK coal plans judged unlawful: The UK

government's decision to close 31 coal pits was udged unlawful by the High Court, prompting jubilation from mineworkers and a call for the resignation of trade and industry secretary Michael Heseltine. Page 12

Dutch DC-10 crash kills 50: At least 50 people were killed when a Martinair DC-10 carrying 327 Dutch holidaymakers and 13 crew to Portugal crashed while trying to land in heavy rain and wind at Faro airport. Page 2

US-Dutch tax treaty: Many multinational companies will have to restructure operations in order to avoid substantial tax rises under a draft treaty between the US and the Natherlands negotiated over 11 years. Page 13

**Lucas.** UK car and aerospace components maker, is to sell its fluid power systems division to Sophus Berendsen of Denmark for a figure thought to be about £30m. Page 17; Lex, Page 12

UK firm on HDTV: Britain has again blocked EC funding to develop high-definition television, rejecting a compromise five-year "action plan".

and the Czech republic formed a trading zone designed to end tariff barriers by the end of the century and ensure compatibility with the European Community and members of the European Free Trade Area, Page 4

Somali gunmen wounded: French troops wounded at least three gunmen when they came under attack near Baldoa in southern Somalia.

indian PM survives: Indian prime minister P.V. Narasimha Rao survived a no-confidence vote over his handling of the Ayodhya mosque crisis, but failed to reimpose authority on his Congress (I) party. Page 4

1834, US computer company, has recalled two experienced former vice-chairmen - Paul Rizzo and Kaspar Cassani - to act as consultants to help it through its most challenging crisis. Page 15

**Rhône-Poulenc,** French chemicals group, is to build and operate two plants with local partners in China where it plans to supply the fastgrowing textiles industry. Page 4

Honecker appeal rejected: A court ordered that Erich Honecker, 80 year-old former East German leader, should be kept in jail and stand trial for manslaughter, in spite of medical reports showing he may die within six months.

Murtiny in Zaire: Troops mutinied in the central Zairean town of Kisangani, arresting the regional governor and going on a looting spree. Expatriates are being evacuated.

Snecma, France's state-controlled aircraft engine maker, warned of substantial losses in 1992 and said it saw no prospect of a return to profit next

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# US accused of shifting position on market access during Gatt talks French threat to trade accord

### By Lionel Barber in Brussels

FRANCE yesterday cast fresh

doubts over prospects for an early world trade accord, accus-ing the US of backtracking in the multilateral Geneva talks on market access and services. Mr Roland Dumas, French for-

eign minister, told his European Community. counterparts in Brussels that the US had shifted its position on industrial tariffs, anti-dumping, intellectual property and standards. He also issued what has become a ritual French denunciation of the USEC accord on reducing farm export subsidies.

The French warning that the General Agreement on Tariffs

By Hugh Carnegy in Jerusalem and Lara Marlowe in Belrut

TWO Palestinians were wounded

yesterday when Israeli-backed

militiamen fired warning shots to

stop about 415 deportees stranded in a Middle East no-man's land

from re-entering Israeli-held terri-

-As the deadlock between Leba-

non and Israel over the fate of

the deportees continued, Mr Yit-

zhak Rabin, the Israeli prime

minister, told parliament in Jeru-

salem his government was firm in its resolve not to let them return. "I confess there is no pity

for them in my heart," he said.

In Beirut, the Lebanese govern-

ment repeated that it was not

responsible for the expelled Pal-

estînians. And Lebanese prime

minister Rafik al-Hariri told

humanitarian organisations they could no longer provide emer-gency aid.

The Israeli High Court

adjourned until today its consid-

eration of a civil rights petition

to force the government to

of Staff, added his voice to the US

administration's criticism of the

expulsions. "Counterviolence and

deportations are not the answer

we need to Israel's legitimate

security needs," General Powell told a Jewish audience at Yesh-

Earlier, the deportees, expelled

last week for their alleged links

to Islamic fundamentalist groups

which had shot dead six Israeli

soldiers, were ordered by Lebanese troops to leave their make-

shift camp in no-man's land in

south-eastern Lebanon and

return southwards to Israeli-con-

yards of SLA positions at Zem-

trolled territory.

iva University in New York.

in of the Joint Chiefs

rescind the deportations. In the US, General Colin Powand Trade talks could be heading for a stormy period was echoed by Mr Jacques Delors, European Commission president, and Mr Uffe Ellemann-Jensen, Danish foreign minister, who spoke of "disturbing sounds" from

Mr Douglas Hurd, the UK foreign secretary, who chaired yes-terday's meeting, conceded there was "some stiffening on the US side". But provided the US showed flexibility and the EC showed solidarity, the goal of an agreement by mid-January was still possible, he said. In Geneva, trade negotiators

said yesterday that the commitment by the US and EC to com-plete a Gatt deal had failed to

take note of the time needed to win agreement from the other 106 countries negotiating in the

Mr Dumas, however, produced a letter from Mr Frans Andriessen, chief EC negotiator, to Mrs Carla Hills, US trade representative, in which Mr Andriessen registered his "deep disappoint-ment" relating to the latest moves on market access and the creation of a new world international trade organisation.

At yesterday's meeting, EC for-eign ministers agreed to open formal enlargement negotiations with Sweden, Austria and Finland in Brussels on February 1. Denmark, which takes over the rotating EC presidency from the

Palestinians trapped by militia gunfire

Britain on January 1, will handle the talks, which are likely to include Norway shortly thereaf-

The ministers failed to agree, however, on European Commission proposals to strengthen its arsenal of trade weapons, including anti-dumping measures and quotas, in time for the official launch of the single market on January 1.

Britain and Germany led a free trade bloc against a Commission plan to reverse longstanding policy by requiring that new duties should be blocked by a qualified majority. At present a blocking minority suffices.

The impasse on anti-dumping killed hopes of progress on pronational quotas on non-EC goods, once the single market comes into effect. The Commission wants to replace national quotas with EC-wide quotas in sensitive areas such as textiles, footwear and tovs.

Failure to reach a deal means the Commission will probably have to introduce provisional rules to cover imports in these sensitive areas for large thirdcountry exporters such as China. Exports from Poland, Czechoslovakia, and Hungary are covered by separate bilateral accords with the EC.

Europe's new trade zone, Page 3

# Hotline to lift EC border controls

By Andrew Hill in Brussels

FRUSTRATED about frontier controls? Piqued by passport checks? From January, Euro-peans can telephone a hotline to complain about remaining barriers to free movement around the European Community.

Euro Citizen Action Service, a Brussels-based lobby group for citizens' rights, yesterday launched a fax and telephone service which will field complaints that the EC has missed its January I deadline for ending passport checks at internal bor-

Ecas is running the service January 4-8 only, hoping to tap a supposed undercurrent of discontent about the failure of most countries to lift all internal border controls on people.

But the complaints hotline will undoubtedly not satisfy some free-travel proponents, who favour a more direct approach. Some federalist members of the European Parliament are likely to test the legality of Brit-ish resistance to lifting controls by crossing to Dover without a passport early in the new year in the hope of being turned away.

Ecas volunteers will tell callers of a more timid disposition how to lodge a formal complaint with the European Commission, and will compile a list of gripes which could be used in a European Court case against Brussels or individual EC governments.

Ecas also wants to encourage people to complain if they are deprived of information at borders about their rights.
At the Edinburgh summit 10

days ago leaders of the 12 Community countries admitted that free movement of people - one of the aims of the single market could not be "completely assured" by January 1.

Nine Continental countries aim to lift internal controls at land frontiers by the middle of next year. But airports have been given until December 1 to end passport checks on internal RC flights.

Britain, Denmark and Ireland may lighten passport controls but are likely to retain some form of check at all internal borders beyond that date.

The Commission shares the

Continued on Page 12

raya on the edge of Israel's Lebanese "security zone". Mr Amjad Zamel, 20, wounded by shrapnel in the face and was evacuated by reporters to a hospital at Rashaya, north of the Israeli-occupied zone. Another deportee was injured later after a second outbreak of violence. Israeli military spokesmen said they had no information on the shootings. "We will

Reporters at the scene said the our policy is not to allow them South Lebanon Army, which is armed and controlled by Israel, back," one said. At nightfall, the deportees were said to have moved back towards twice opened fire around the deportees and over their heads their tent encampment in the with tank shells, mortars and area between the Israeli and Lebheavy machine guns when they anese armies to spend a fifth succame within several hundred cessive night. The SLA planted

attempted crossing and received water cannon and teargas to use in the event of another attempted breakthrough.

Mr Rabin told the Knesset he would not be swayed by what he said was an attempt to prove "that these terrorists are unprotected and should be pitied." He said the expulsions were part of a fight against Islamic extremists pledged to destroy the Middle East peace process. "Our hand that is stretched out for real try our best not to hurt them, but peace is also the hand which will pull the trigger to hit murderers committing their crimes," he

Mr Rabin said he was convinced the peace negotiations would resume. despite a suspenmines to prevent another sion of the talks by the Palestine

Palestinian deportees carry Amjad Zemal, wounded by shrapnel in an attack by militia as they approached the Israeli border Liberation Organisation. Yestersetting a date for renewed talks. day in Tunis, the head of the He called for Mr Rabin to accept Palestinian delegation, to the direct negotiations with the PLO, talks, Mr Faisal Husseini, said which it has hitherto rejected. the immediate issue was securing the return of the deportees, not

Beirut holds firm, Page 3

DOES A GREAT CLASSIC EMERGE.

# ONLY WHEN FUNCTION AND STYLE COMBINE PERFECTLY

# British government to cover

The Dual Time on

## part of bomb damage costs The government agreed to back

By Richard Lapper and Raiph Atkins

THE UK government yesterday bowed to pressure from the insurance industry and agreed to meet part of the costs of bomb and other damage caused by terrorists in mainland Britain.

Business will also be required to make a substantial contribution under new arrangements, in a move which could sharply increase insurance costs for policyholders who opt to take out cover against terrorism.

The Corporation of London, for example, will see premiums on its £5bn (\$7.6bn) portfolio of property double from its estimated present level of about £2m by the end of the year. Premiums in areas of the country deemed to be of lower risk may rise by as little as 10 per cent.

TV and Radio

the new scheme after resisting pressure to provide direct compensation to victims of bomb damage as it has done since 1969 in Northern Ireland.

Mr Michael Heseltine, trade and industry secretary, said the government had "decided in principle to act as reinsurer of last resort". He said the government's involvement would be of limited duration and cost and "should cause minimum interference necessary with the working of the market."

The announcement was widely welcomed. Mr Mike Jones, chief executive of the Association of British Insurers, said "I know from the support we have received that many people will be sleeping easier tonight". Mr Michael Cassidy, chief exec-

utive at the Corporation of Lon-

that there was "obviously concern about the impact [of the cost] on City businesses Insurers announced last month

that they would be unable to continue to offer cover against terrorism after their own reinsurers withdrew support in the wake of claims of £800m after bomb attacks in London in April. Under the new arrangements,

details of which are still being worked on, policyholders will be able to "buy back" cover for terrorism. These additional premiums will be channelled into a mutual pool to be reinsured by the government. The cost of the "buy back" will vary according to the sum insured and the location of the property.

How it will work, Page 5

# CONTENTS

Continued on Page 12

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

EC strategy postponed until next year

# Britain again blocks funding for HDTV

By Andrew Hill in Brussels

BRITAIN has again blocked European Community funding for the development of cinemaquality television, postponing an EC strategy on the new technology until next year.

Foreign ministers, meeting for the last time under the UK's EC presidency, were unable to resolve differences between Britain and its 11 EC partners, which exploded into a row after the recent Edinburgh summit.

Yesterday, Britain refused to commit itself to a European Commission compromise first discussed by Mr Jacques Deiors, the Commission president, and Mr John Major, British prime minister, on their

fail to agree

on haulage

way to talks in the US at the weekend. The issue will now be taken up during the Danish presidency of the EC which begins in January.

The Commission has been pressing for a five-year "action plan" to promote wide-screen high-definition TV (HDTV) services in the EC. But the UK does not believe proposed funding of Ecu500m (£404.5m) over five years is justified: it says new technologies, such as digital television, are being developed which could supersede HDTV standards promoted by

According to yesterday's Commission proposals, the EC would allocate Ecu80m to the development of wide-screen HDTV services in 1993. The EC

would also consider a report on the prospects for digital HDTV and a possible review of its strategy early next year. Britain supported elements of the compromise, but refused to commit itself in principle to a

five-year plan. The events of the past fortnight have revealed the amount of political and industrial capital invested in HDTV, with Mr Major accused of reneging on an agreement made at Edinburgh to lift the British veto on HDTV.

the finance minister. In a state-

ment, the group said it was

opposed to the government's

privatisation policy.
Mr Constantine Mitsotakis,

the prime minister, is already

under pressure from prominent

deputies who object to his

efforts to introduce structural

reform. He has tried to rally

New Democracy by claiming

the budget debate amounts to

a vote of confidence in his gov-

The mood among ND depu-

ties has remained rebellious.

Mrs Hanja Maij-Weggen, Dutch telecommunications minister, a critic of the UK position, said yesterday she was disappointed by Britain's attitude, "Maybe next year the sky will be a little bluer.

Scores of injured passengers were taken to hospitals in Paro, Lisbon and Colmbra. Most of the people on board

were Dutch nationals. In Amsterdam, airline officials said the cause of the crash was not known. First reports suggested the aircraft had been hit by lightning. The pilot is reported to have sur-

vived.

The accident is the latest of a number of Dutch transport disasters and occurred less than three months after an El-Al cargo aircraft crashed into two apartment blocks on the outskirts of Amsterdam,

Asked about the spate of transport accidents, Mrs Hanja Maij-Weggen, transport minister, said: "This has been a horrible year for me and my ministry. I sometimes feel as I've aged three years in the past

## Dutch aircraft crash kills at least 50

By Ronald van de Krol

AT LEAST 50 people were killed when a DC-10 carrying 327 Dutch holidaymakers and 13 crew to Portugal crashed while trying to land in heavy rain and winds at the Algarve town of Faro.

The aircraft, operated by Martinair, a charter airline partly owned by KLM Royal Dutch Airlines and the Dutch transport group Nedlloyd, burst into flames and broke in two on impact.

Airport officials in Faro, the main city of Portugal's Algarve coastal region, said at least 50 people were known to have died, while 25 were miss-

The "black box" containing flight data has been located and will be examined by Portuguese and Dutch investigators. Passengers interviewed by Dutch television said the pilot had made two attempts to land before the fatal approach.

killing 43 people.

# Milosevic leads amid fraud calls

By Laura Silber in Belgrade

PROSPECTS for peace in Bosnia-Hercegovina and stability in the Balkans darkened yesterday as Serbian nationalists under President Slobodan Milosevic led presidential and pariiamentary elections.

Despite scanty and conflicting reports of election returns. opposition leaders privately conceded that Serbian President Milosevic appeared to have a commanding lead in his bid for re-election. He looked set to surpass the 50.01 per cent required to avoid a run-off against Yugoslav Prime Minister Milan Panic, the wealthy Belgrade-born Californian.

The massive surge of elec-toral support for ultranationalism threatens Serbia's ethnic minorities, who make up onethird of the population of 9.8m. Ethnic Albanians, Hungarians and Moslems face even greater risk that "ethnic cleasing" will spread to Serbia. If the trend of the prelimi-

nary and unofficial results continues, the Socialists (renamed Communists) with their ultranationalist allies, the Serbian Radical Party, will have a comfortable majority in the Serbian parliament. "Their lead

ruling Socialist Democratic party kept its hold on Montenegro, unofficial results indicated yesterday, interim results. virtually guaranteeing its continued alliance with Serbia in

reports from Podgorica, Monte-The vote in the republic, the last official ally of Serbia, was considered a referendum on the future of the Yugoslav fed-

a rump Yugoslavia, Reuter

makes remote the possibility of Milosevic leaving office without violence," said a diplomat. Chosen by Mr Milosevic as his favourite "opposition politician", Mr Vojislav Seseli, president of the Radicals, also com-

mands a party militia. He has called for ethnic minorities and politically suspect Serbs to be expelled from Serbia. International human rights organisations have cited Mr. Seselj for brutal crimes committed by his paramilitaries in Croatia and Bosnia. Early results project his party will gain 25-30 per cent of the 250 seats.

He is almost certain to be joined in parliament by Mr Zeljko Raznatovic, alias Arkan, a notorious Belgrade crime

eration. Election officials said they had not finished counting votes and refused to give

But Radio Montenegro said that in the capital, Podgorica. which has a quarter of the nation's 400,000 voters, the ruling DPS had taken 49 per cent of votes for the republic's parliament and the opposition Liberal party 11 per

boss who commands a fierce paramilitary unit known as the Tigers. He was standing in the Serbian province of Kosovo. where Albanians who make up 93 per cent of the 2.1m popula-tion boycotted the poll. Mr Lawrence Eagleburger, US secretary of state, recently said that Mr Raznatovic and Mr Seselj should be tried before a

proposed war crimes tribunal. The apparent edge of the nationalists came amid mounting charges of election fraud and manipulation.

Mr Panic's office yesterday said it would demand a fresh election. Foreign observers have lambasted the campaign as grossly unfair, citing the role played by Television Serbia, which Mr Milosevic

controls and Mr Seseij reportedly visits every day.

Mr Milosevic has whipped up fears that the west is conspiring against Serbia. His massage of defiance, in conservative and increasingly isolated Serbia, has found fertile

ground. Independent observers met yesterday to decide if complaints of election irregular. ties constituted systematic fraud at the hands of Mr Milesevic's minions in local Mec-

toral commissions. If the international community deems the election results legitimate, it has warned if will step up pressure on Service US President George Bush and Britain's Prune Minister John Major agreed in Washington at the weekend to press for tougher sanctions to stop the war in Bosnia. But the mecha-

nisms are limited. In Belgrade, the Serbian and federal capital seen as an opisosition stronghold, many feared their future in a Serbiz cantrolled by nationalists certain to provoke a tougher pasponsa

from the west. This is likely to heighten xenophobia in Serbia, even among Serbs who oppose the

# Owen clinches demilitarisation accord

EUROPEAN Community peace negotiator Lord Owen has hammered out a plan for demilitarising the besieged Bosnian capital of Sarajevo after four days of shuttle diplomacy among warring factions around

the city, Renter reports from Sarajevo. "I think we've laid a framework for demilitarising Sarajevo...zo doubt there will be many upsets and difficulties along the way, but we have agreed now on a structure," he said after nearly three

hours of talks with Bosnian Serbs in Lukavica, near Sarajevo. Lord Owen has persuaded Moslem. Serb and Croat factions to create four problem-

solving working committees. Among the issues to be addressed are demilitarising an area around Sarajevo airport, restoring utilities, creating joint police patrols in divided neighbourhoods and giving humanitarian aid Each committee would co-ordinate its activities with an existing body known as the mixed military working group, Dr

Owen said. Local military commanders have often scuttled ceasefire agreements and blocked UN efforts to repair utilities and humani-

tarian aid convoys. • UN relief workers restarted their airlift of emergency aid to Sarajevo yesterday after a three-week break caused by Eght



A French riot policeman stands on burning Spanish tomatoes at the entrance to Saint-Charles market, near Perpignan, south-western France, yesterday. About 300 local farmers destroyed the tomatoes before taking two policemen hostage during demonstrations against vegetable imports, particularly from Spain

### sures which would have given road haulage companies the right from next year to ply for trade in EC countries other than their own, writes David Gardner in Brussels.

EC TRANSPORT ministers

failed yesterday to agree mea-

The measure is a basic building block of the internal market, which starts on January 1. and hauliers facing cross-border barriers may now decide to

seek redress through the European Court of Justice. The main stumbling block was Germany which has linked a deal on road cabotage to satisfactory agreements on road user charges and the fiscal harmonisation of vehicle excise duties. EC diplomats were last night trying to extricate linked issues such as travel allowances on which a deal in principle has been reached.

**NEWS IN BRIEF** 

call turned down

A COURT said vesterday that Mr Erich Honecker, the former

manslaughter, despite medical reports showing he may die of

The Berlin court rejected a motion to dismiss the case submit-

Mr Honecker and three senior East German communists are on

The judge said medical reports ordered by the court were

unable to predict when Mr Honecker's illness would become too

Environmental groups reacted with dismay yesterday at the

decision of the international Finance Corporation, the World Bank's private sector arm, to finance a \$500m hydroelectric dam

on the upper reaches of Chile's biggest river, the Bio Bio, writes

The 450MW Pangue dam is scheduled to come on stream in

1997, when it will supply 12 per cent of Chile's total energy needs.

It is being built by Endesa, a privatised utility.

The Bio Bio Action Group, a coalition of US and Chilean

ecologists, said the IFC loan "violated all the World Bank's

It was particularly critical of the IFC's decision to back the

In Washington, an IFC spokesman said the corporation was

confident further work would mitigate the power station's effect on the water levels of the Bio Bio.

Italy's rate of inflation is still falling, despite the devaluation of the lira in September, writes Robert Graham in Rome.

According to preliminary figures for December based on evi-

Prices this month have risen 0.1 per cent, forcing the annual

dence from the country's main cities, inflation is running at an

annual rate of 4.7 per cent, the lowest level since October 1985.

Affluence on march in China

standards across the country, Reuter reports from Beijing.

at Yn2,380 (\$410) and the average life span at 70 years

China's economic boom this year has forced officials to come up

standard for well-off urban residents set annual per capita income

The average well-off urban resident would have at least nine

In rural areas, the average well-off person would make a per

Xinhua said that some 57 per cent of Chinese people already

capita income of Yn1,100, spend Yn70 a year on clothes, own a

years of schooling and a paid two-week vacation every year

television and live in a village with at least one telephone.

average down from November's 4.9 per cent.

Italian inflation still falling

project while studies on the downstream impact of the dam were

trial for the deaths of more than 200 would-be defectors shot as

ted by Mr Honecker's lawyers, who argued the 80-year-old hard-

liver cancer within six months, Reuter reports from Berlin.

line communist would not survive the trial.

they tried to cross the Berlin Wall to West Germany.

serious for him to take further part in proceedings

IFC criticised over dam

Leslie Crawford in Santiago.

environmental guidelines".

qualified as well off

# EC ministers | Attack on MP hits Greek budget hopes

By Kerin Hope in Athens

A TERRORIST attack on a deputy from Greece's ruling New Democracy party has placed the government in an unprecedentedly awkward position for today's parliamentary vote on the 1993 budget.

New Democracy effectively lost its one-seat majority in the 300-member chamber yesterday after Mr Eleftherios Papadimitriou, a backbencher who sat on the parliamentary budget committee, was shot in the leg by a gunman who stopped the politician's car in an Athens suburb.

Mr Papadimitriou was reported to be in stable condition after surgery, but it was not clear whether he would be able to take part in the vote. The attack was claimed by November 17, a left-wing Greek terrorist group which earlier

with the government benches only sparsely occupied during the four-day debate. The bud-get provides for another year of wage restraints, with curbs on spending aimed at shrinking the public-sector deficit and cutting inflation from 15 to under 10 per cent by the end of

# Russia set to bring in Honecker clemency its own currency

RUSSIA was said yesterday to be on the verge of introducing its own currency, a move owned enterprises. East German leader, should be kept in jail and stand trial for | which would force all other own and deprive them of direct influence over Mo-cow's mone-

tary policy. At the same time, however, Mr Valerian Kulikov, central bank deputy chairman, outlined, in an interview with Izvestia newspaper, a shift in credit and finance policies which would weaken whatever currency replaces the old

"We will correct the policy of the central bank in accordance with the government line announced by the new prime minister " he said, referring to

Mr Viktor Chernomyrdin's promise to stem a fall in industrial output and wipe out the debts accumulated by state-New measures included neg-

ative annual interest rates of 3-10 per cent for central bank loans for investment in industry and, apart from introducing new tax benefits, even waiving reserve requirements for commercial banks which lend to priority sectors, such as consumer goods. Social security minister

Ella Pamfilova has offered to leave the Russian government, the first member of the former acting prime minister Yegor Gaidar's cabinet to do so, Interfax news agency said yesterday, Reuter adds from

# Ice-cream makers' tied trade likely to be suspended

THE European Commission is expected tomorrow to order Languese-iglo and Schöller Lebensmittel, Germany's two largest ice-cream makers, to suspend for five years arrangements which oblige many German retail outlets to sell only the two companies' products, writes Guy de Jonquières, Consumer Industries Editor.

The Commission's competition directorate, which has been investigating the arrangements for nine months, has con-

cluded that they violate Article 85 of the Rome Treaty, which outlaws restrictive trade practices.

The expected decision would be a victory for Mars, the US food group which has for more than two years waged a legal campaign to open more European distribution channels for its ice-cream

It also emerged yesterday that the British Office of Fair Trading is inquiring into the legality of arrangements

whereby ice-cream manufacturers supply freezer cabinets to retailers on condition they are not used to stock competing products.

The OFT began its inquiry in September, following complaints from Mars and other companies. These were directed principally against Wall's part of the Anglo-Dutch Unilever group, which is Europe's biggest ice-cream maker and owner of Languese.

from all the main suppliers of ice-cream in Britain, but has yet to decide whether to open a formal investigation. In March the Commission ordered Languese and Schöller to lift until the

end of the year their exclusive outlet arrangements in Germany, pending an The Commission said the arrange ments would cause Mars "serious and

David Buchan in Paris. After a meeting with Prime Minister Pierre Bérégovoy, irreparable damage" by excluding it The OFT has sought information from the German market. when both employers and unions accused the state of shirking its responsibilities, the government agreed to

# EC flight of fancy over reindeer aid

By David Gardner in Brussels

REFLECTING the spirit of with a new definition for "well-off", reflecting climbing living "openness" and subsidiarity at The official Xinhua news agency said yesterday the new state the Edinburgh summit of EC leaders earlier this month, the European Commission is expected this week to turn a blind eye to illegal Danish state aid to a Scandinavian cooperative supplying reindeer. At the Commission meeting

this week, its last before a new Brussels executive takes office in January, the regional aid scheme, known by the acronym Yule, is almost certain to get through, even though it has never been notified to the Commission as required under

The aid is an annual grant to S. Clans Ltd, headquartered in Lapland, Finland, and is worth DKr167 (£17.7) per reindeer, subject to a limit of 25 animals per individual producer. The Commission was concerned that the aid reinforced the company's downstream activities, bolstering a potentially dominant position in the Christmas gift market.

According to documents on the case, prepared by staff of

the controversial outgoing farm commissioner Ray Mac-Sharry, the reindeer aid has sparked the now familiar dispute between the Brussels competition and industry directorates about what constitutes the relevant market in which to judge a dominant position. The free marketeers, headed

by Sir Leon Brittan, UK compe-

tition commissioner, say

S. Claus has 64.7 per cent of the

EC gift market. The interventionists, led by Mr Martin Bangemann, German industry commissioner, say, in a replay of their argu-ments over the De Havilland case, that "the relevant market should be defined in terms which include also the birthday gift market, as well as the Father's Day, Mother's Day,

tooth fairy segments of the market." The salient points in opinion to be laid before the Commission, however, suggest most commissioners will endorse the aid. This is because: • "Operators throughout the

secretary's day, Easter egg and

• The European Court of Justice ruling 72/79 (Commission vs the Gift Horse) found that "in assessing the real value of non-repayable aid it is the Community are among [S. Claus Ltd's downstream benethought that counts";

"AND THIS IS OUR REINDEER MOUNTAIN."

ficiaries";

A further problem is grudg-• The court "endorsed the

application of the private-market investor principle to cases of non-repayable handouts in its judgment in Case 140/1867 (Scrooge ws Tiny Tim)"; beyond any doubt... and who

The Commission has taken is known not to give free gifts".

note of assurances from the Danish authorities that there is no intra-Community trade in reindeer, and that "the downstream effect of the aid will be available on a non-discriminatory basis throughout the Community".

But a satisfactory outcome may yet fall foul of the Brussels legal service, whose submission raises doubts about the status of S. Claus Ltd. Their opinion submits that there may be "no precedent for opening the Article 93(2) procedure in respect of a company which is no more than a figment of people's imagination. They consider, however, that this point can be overcome by careful drafting of the letter to the Danish authorities".

ing and conditional support from the external affairs directorate, where Sir Leon wants to establish a dominant position for himself in the next Commission. In a separate memo, they say: The proposal should be made by Sir Leon Brittan, whose impartiality is

shoulder more of the cost of early retirements and of dole for people coming off temporary state-run employment schemes, and to subsidise the interest rate on Unedic's borrowings.

Paris acts on

THE French government

yesterday agreed to help bail out the Unedic unemployment

pay system, run jointly by

employers and unions, from its

impending bankruptcy, writes

iobless pay

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### E Timor crackdown continues The Indonesian army has arrested at least 60 people in the

disputed territory of East Timor since mid-November in a continning military crackdown, the Sydney office of Amnesty International, the human rights group, said yesterday, writes William Keeling in Jakarta.

Amnesty said it had unsubstantiated reports of a further (Sa)

arrests and that "serious human rights violations, including arbitrary arrest, torture, disappearance and possible extrajudicial execution, have accompanied the recent crackdown".

assembly to elect a new Afghan president were meeting nearby, Reuter reports from Kabul. The attack was one of the worst since fighting last August between the army and a maverick mujahideen party.

Three shells slammed into a crowded bazaar in Kabul yesterday.

killing at least 10 people and wounding 16, while delegates to an

Ten die in Kabul attack

By David Dodwell in Geneva

COMMITMENTS by the US and EC to conclude a Uruguay Round trade deal by mid-January will require endersement from US President-elect Bill Clinton, trade negotiators said in Geneva yesterday...

They said President George-Bush and British prime minister Mr John Major, while making an honest attempt to achieve a conclusion, had failed to take note of the time needed to win agreement from the other 106 countries negotiating the round.

One senior US official insisted that while negotiators remained ready to settle the Uruguay Round, which has made faltering progress for the past six years, the obstacles remained at a political level back in national capitals: "I don't see any change in circumstances between last week and Christmas that are likely to make a mid-January conclusion possible."

Another official argued that Gatt negotiators "could not see the outgoing Bush administration being able to make the sort of concessions that would

make an agreement possible." Mr Clinton has still to name his senior trade negotiator, though it is assumed he will

A senior EC official, who argued that with the right political impetus from Washington and Brussels the EC and the US could settle out-

that neither President Bush nor Mr Major had taken proper account at the weekend of the views of other countries negotiating the Uruguay Round: "We are not living in a world where the US and the EC can assume a deal can be rubber stamped by others. At the very least, they will have to do some work on the issues back in their own

"President Bush and Mr Major have made an honest attempt to achieve a conclusion, but have underestimated the resistance of the multilateral system."

The comments fellow a rather gloomy 'op-lev' I stock-taking meeting at the end of last week, at which Mr Arthur Dunkel, director general of the General Agreement on Twiffs and Trade, brought talks to an inconclusive halt ahead of Christmas, commenting that now, more than ever we are engaged in a race against time." He called for a further "stock-taking" meeting on January 15, which would keep pressure on negotiators, and test the authority of this weekend's commitments from

Collor: senate trial today

Many countries repres at the meeting voiced frustration at slow progress in recent weeks. Others criticised the US for demanding that a number of issues - including antidumping rules and proposals for protection of intellectual property - be reopened.

### Old Brazil also faces impeachment Christina Lamb reports on the political old guard being shaken out with Collor ordered a police investigation. For the past two months, Mr Quercia

S THE impeachment process of Brazil's suspended and dent Fernando Collor reaches of Brazil's suspended Presiits climax today with a trial in the senate, many politicians present will be reflecting on their own futures.

The scandal, in which Mr Collor is implicated in a multi-million-dollar corruption network, has led to a more radical political shake-up than the end of military rule in 1985, and few of the old guard have been spared in the fallout.

Not only is there uncertainty over what will emerge from a referendum on the political system next April, but almost all leading contenders for the 1994 elections and traditional power brokers are on the wane, discredited by association with Mr Collor or personal entanglements with corruption.

Mr Collor's fate will be determined today by the country's 81 senators in a marathon 16-hour session presided over by the head of the supreme court. A two-thirds vote - 54 senators - is needed to impeach him. Mr Collor spent yesterday closeted with lawyers deciding whether to appear personally to defend himself.

The suspense gripping the capital on the eve of the judgment was heightened by claims of senators that they had received anonymous death threats warning them against voting for impeachment. Added to that was the news that Mr Paulo Cesar Farias. Mr Collor's alleged front-man, had fled the country with his family in his private jet to Seville. Mr Mauricio Correa, the justice minister, has

While the Collor scandal has not stopped corruption it has made it harder for corrupt politicians to be elected and has devalued the old Brazilian adage rouba mas faz - he steals but he gets things done. Con-

and impunity is no longer guaranteed. Mr Bolivar Lamounier, a political scientist from the São Paulo Institute of Socio-Economic Studies, says: "This is a historic moment in Brazilian politics. We have a chance that comes perhaps once a century to completely

has been embroiled in a damaging controversy surrounding his authorisation of a \$330m purchase of Israeli equipment at inflated prices and the privatisation of Vasp, the São Paulo State aurline His protegé, Mr Luis Antonio gress now has access to bank records

Fleury, the current governor of São Paulo, is also in disgrace for the mishandling of a recent prison riot in which 111 inmates were massacred by state police.

All those linked to the Collor camp have paid dearly for their loyalty. Mr

The scandal has led to a more radical shakeup than the end of military rule in 1985

reform the system and to allow a new generation of politicians to emerge. less wedded to the old ways."

A citizens' action group has been formed to call for the impeachment of all senators and congressmen on the basis that all Brazil's politicians are

Leading presidential hopeful Mr Orestes Quercia, 54-year-old leader of the centrist Democratic Movement, Brazil's largest party, was the obvious next target. A man of humble beginnings, he now has a bulging campaign chest and a personal fortune esti mated by investigative magazine Veja at \$52m. His increases in wealth coincided with spells in office, particularly as governor of São Paulo, Brazil's richest state, from 1986 to 1990.

Antonio Carlos Magalhaes, 65-year-old governor of Bahia and long-time "godfather" of the Brazilian political scene, has lost his influence since failing to support impeachment.

Mr Leonel Brizola, 70-year-old firebrand populist and governor of Rio, has seen his grip over Rio slip so much that his candidate in the recent elections for mayor failed even to make it to the run-off. He faces open mutiny from his own state police, who last week arrested his daughter for alleged cocaine possession.

Tragedy has also played a part. Within days of the impeachment vote, Mr Ulysses Guimaraes, the grand old man of Brazilian politics, died in a helicopter accident after 44 years as a

One of the younger generation to move to the forefront with the fall of the old guard is 43-year-old Tasso Jereissati, leader of the Social Democrats. Widely respected for his work as governor of the poverty-stricken state of Ceara, Mr Jereissati says: "I hope as a result of the Collor experience we will now have a more rational succession of power based not on charismatic leaders or messianic speeches but on programmes and administrative capability."

Municipal elections last month showed that the main beneficiary has been the left, the Workers' Party taking four state capitals. Mr Luis Inacio da Silva, its leader and near winner in the last presidential elections, is the only leading political figure untainted by corruption and events of this year, and many businessmen are now ordering assessments of the likely actions of a left-wing government.

On the other side of the spectrum the elections also saw the spectacular re-emergence of Mr Paulo Maluf, the authoritarian former governor of São Paulo and leader of the right-wing Democratic Social Party. Easily elected mayor of São Paulo, he has become the main focus of conserva-

Much now rests on the referendum in April. The Collor scandal is thought to have discredited presidentialism, particularly as only one civilian president has completed his mandate in the last 67 years, and shifted the focus of political aspiration to more parliamentary politics.



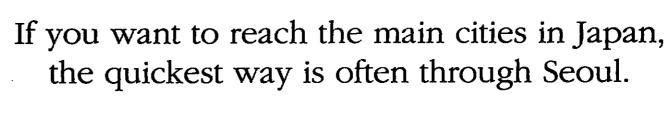
ALGERIAN troops have fought a nine-hour battle with gunmen in a Moslem fundamentalist stronghold near Algiers, the official news agency APS said yesterday, Reuter reports from

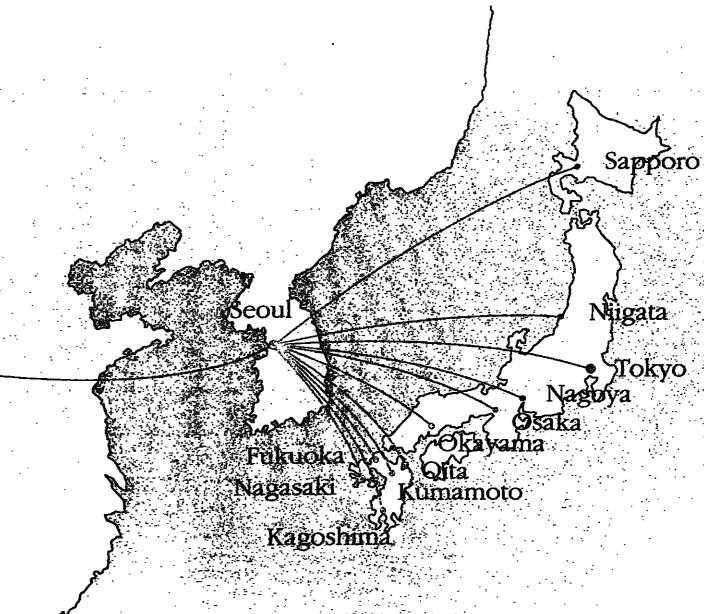
No casualty figures were immediately available but APS reported "deaths and wounded" in the operation in the town of Blida on Sunday night and said "an important two eastern suburbs."

armed group had reportedly

The authorities have recently stepped up their battle to crush Islamic fundamentalists, blamed for killing about 200 members of the security forces since last February.

Last week, troops killed 13 fundamentalists in a sweep of mountains near Algiers and in





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ay 8th February, 1993 at the latest; of begrer shares will have to attach to the f

ers voting by mail will not be artified to at



KOREAN AIR

# Rao survives crucial vote on Ayodhya

By Stefan Wagstyl and Shiraz

MR P.V. Narasimha Rao. India's prime minister, yesterday survived a parliamentary no-confidence vote called over his handling of the Ayodhya mosque crisis.

The militant Hindu Bharatiya Janata Party, the main opposition party which organ-ised the rally at which the mosque was destroyed, failed to persuade other political groupings to support its call for the prime minister's resignation. MPs of the ruling Con-gress (I) party and its left-wing allies rallied around Mr Rao.

The no-confidence motion against the government, put to the vote after a noisy four-day debate, was defeated 334-106, with 47 members of the National Front abstaining.

Congress MPs were generally unimpressed by the prime minister's performance in the debate, in which he denied the government had failed to do enough to protect the mosque from destruction by Hindu militants. Mr Inderjit Gupta, a Congress party member, pub-licly criticised Mr Rao during the debate over the arrest of Mr L.K. Advani, the BJP leader and leader of the opposition. who is being held in police custody on charges of fomenting

inter-racial hatred. Some Congress members voiced their doubts privately, saying the prime minister had said nothing about the pro-posed rebuilding of the mosque and the future of the makeshift Hindu temple erected by mili-

MPs felt Mr Rao had done enough to quell any immediate attempts to unseat his govern-ment but had failed to reimpose his authority on the party. Such lukewarm support for the prime minister could hamper his efforts to implement firm policies to cope with the aftermath of the Ayodhya crisis and with other challenges, including the future of the country's economic liberal-

Mr Rao described the demolition of the Ayodhya mosque as a tragedy, an act of betrayal and vandalism. The destruction had been pre-planned, he claimed. Mr Rao announced increased compensation for the families of the 1,200 people killed in the nationwide riots after the mosque's destruction. He urged restraint on the use of religion in parties' electoral platforms, a clear reference to the BJP's espousal of Hinduism, though he did not name the party.

isation programme.

Failure of the no-confidence motion had been expected. Shares rose sharply yesterday after two weeks' sharp decline. The Bombay Stock Exchange's 30-share index soared 65.21 points to 2,542.10.

 Mr C. Rangarajan yesterday took over as governor of the Reserve Bank of India from Mr S. Venkitaraman, whose twoyear term was clouded by the Bombay securities market scandal. The bank was widely criticised over its supervision of the market. Mr Rangarajan was deputy governor of the

# Bank lending curbs hit money supply

By Robert Thomson

JAPAN'S money supply in November contracted 0.5 per cent from the same month last year, reflecting the impact of curbs on new lending by the country's banks, which are burdened by non-performing

certificates of deposit followed a fall of 0.6 per cent in October and marked the third straight month of year-on-year decline. prompting Japanese business organisations to call for an easing of lending restrictions.

However, the Bank of Japan argues that the contraction is due more to weak demand for new lending than to the banks' it contracted 0.4 per cent.

money supply growth was likely to return soon, as the October contraction appeared to have been the turning point. The bank prefers to judge trends from the broadest measure of liquidity, which includes postal savings funds, and which grew by 2.6 per cent November, compared to a year earlier, down from 2.7 per

cent growth in October. Money supply growth has slowed sharply over the past two years.

In October 1990, broad money expanded 11.8 per cent on a year earlier, but the growth fell in virtually every month until September, when

# **Rhône-Poulenc in plant** agreement with Chinese

By William Dawkins

RHONE-POULENC, France's leading chemicals group, has reached a co-operation agreement with the Chinese government to build and operate two plants with local partners, and to license technology there.

This is Rhone-Poulenc's first industrial investment in China, where it plans to supply the fast-growing textiles industry with artifical fibres.

The largest plant, requiring an investment of up to FFribn (£120m) in north-east China, is expected to start producing nylon salt (granulates which turn into nylon when heated) in about three years, in partnership with Sinopec, a Chinese state-owned group. A smaller plant, to produce high-performance plastics, is scheduled to open in two years near Shanghai, according to Mr Michel Maupu, Rhône-Poulenc's vice-president in charge of fibres and poly-

The licensing deal covers technology for producing nylon salt, to a Chinese-owned company being set up in the central province of Henan for that

The French group has been selling nylon salt to China for 18 years and now exports FFr700m-worth annually there It expects Chinese production of synthetic fibres to grow from 1.65m tonnes in 1990 to 2.8m tonnes a year by the end of the decade, as more textile and tyre production shifts to low-labour-cost coun-

# Position in Caribbean holds great promise for export earnings, says Washington think tank End of US embargo 'would revive Cuba'

By George Graham in Washington

CUBA'S exports could recover quickly and strongly as soon as \$2.2bn in 1992. a market economy was intro-duced and the US trade embargo lifted, according to a study under way by the Centre for Strategic and International Studies, a leading Washington think tank.

Mr Ernest Preeg, former chief economist of the US Agency for International Development and author of the CSIS study, says Cuba has suffered terribly from the cut-off in Soviet aid, which has reduced the island state's ruption that has accompanied such reforms in eastern Europe and the former Soviet Union. imports from SSbn in 1939 to

This has caused food and fuel shortages, but Mr Preeg says the most damaging effect may be the strangling of machinery imports, which is causing a cumulative crumbling of the Cuban industrial

Market reforms and a lifting of the US embargo could lead to a sharp revival in export earnings, with little of the disTourism receipts and remit-

tances from Cuban exiles, in particular, could start to flow very quickly. Mr Preeg says, but Cuba's position in the Caribbean basin holds great promise for earnings from other agricultural exports as well as from assembly-type manufacturing.

Curus exports, for example, could take off because Cuba has good trees, and needs just one year's pesticides to est concentrate quality to juice or even fresh fruit quality. Mr Preeg warns that the US

should not lift its embargo without human rights and democratic reforms, since the from tourism and remittances. However, he argues for a

end of the embargo alone would give the Castro government between \$800m and \$1.1bn a year of additional foreign exchange inflows, mostly

more active American diplomatic approach towards Cuba, with the development of Critics of the US's Cuban pol-icy complain that severe dam-

age could be done to Cuba's economic and social structures while Washington waits for the Castro government to collapse. Neither the Clinton administration nor the new Congress. however, is likely to favour loosening the embargo.

• State television in Havana claimed a high turnout in local government elections held on Sunday, news agencies report. By mid-afternoon, nearly 94 per cent of the island's 7.5m

registered voters were said to have voted.

In the week leading up to the poll, the authorities launched a crackdown against dissidents who said the elections left no room for opponents of one-

party Communist rule. Voters in 13,565 constituencies in the election chose one municipal assembly representative. The elections were the first stage of a new electoral. process which culminate in direct, parliamentary elections on February 24 within Cuba's

Europe

has new

By Christopher Boblaski

POLAND, Hungary, Slovakia and the Czech Republic yester-day established a regional trad-

ing zone designed gradually to

eliminate tariff barriers by the

end of the century and ensure

compatibility with the Euro-

pean Community and coun-

tries of the European Free

Tariffs on agricultural and

industrial goods are to be

reduced between 1995 and 1997

while barriers to trade in other

more sensitive categories such

as cars, textiles and steel are to

The signing in Krakow yes-

terday was greeted with relici.
given the tension between

Hungary and Slovakia over the

Danube dam and the "divorce"

of Slovaks and Czechs at the

At one point, the Hungarians had wanted a bilaterai free trade pact with the Poles. The Czechs stressed their free trade

credentials and their differences with the Slovaks by

pressing for a shortening to four years of the period in

which tariffs are to be reduced.

The Siovaks wanted to

lengthen the time frame to

eight years. In the end, the

agreement which scraps tariffs

on raw materials and goods

where exports do not compete

directly with locally-produced

items, on March 31 1993, is

accompanied by a declaration

be scrapped by 2001.

beginning of 1993.

trade

zone

Trade Area.



Tired US Marines at Mogadishu airport yesterday take a last-minute map as they wait to board a transport aircraft bound for the famine-stricken interior of Somalia

# French troops wound gunmen in Somalia

gunmen when they came under attack in southern Somalia, a French military

spokesman said yesterday, Reuter reports from Mogadishu.
Ten gunmen in a "technical" battle-curity in Somalia, where US-led forces wagon charged towards the French sol- have intervened to keep pillaging gundiers' observation post near the town men and feuding clan militias away of Baidoa on Sunday night, Col Jean-Paul Perruche said. The troops opened

one with severe stomach wounds. No French soldiers were hurt and the

from food for victims of Africa's worst famine this century.

Relief agencies put pressure on the The three Somalis, found with auto- US military yesterday to extend their port and airport at the start of Opera- entered the southern port of Kismayu.

FRENCH troops wounded at least three matic rifles, were taken to hospital, security umbrella to north Mogadishu, nominally controlled by warlord Ali-

Mahdi Mohamed.

"It's teeming with AK-47s and with technicals," Mr Mark Thomas, spokesman for the UN Children's Fund, said. "Any military presence at all would help, as long as it is a show of force. They said it would happen soon but would give us no definite date."

US troops who secured Mogadishu

tion Restore Hope on December 9 have escorted food convoys across the Green Line dividing the capital, but do not operate patrois in the north. Relief agencies have withdrawn almost all foreign staff from the enclave because of the insecurity.

US Marines and their coalition allies have set up bridgeheads for the relief operation in Baidoa and at a military airfield in Bali Dogle. On Sunday they

committing the signatories to start new talks on eliminating tariff barriers within five **US** warns

# China on HK deals

US commerce secretary Barbara Franklin told China yesterday not to invalidate contracts in Hong Kong as part of Beijing's war-of-words on wider democracy in the British colony's final five years, Reater reports from Hong Kong. Washington would protect US companies if Beijing's promised voiding of contracts stood to harm US interests after Hong Kong's transition to

Chinese sovereignty in 1997. Ms Franklin said. "Recent statements by the Chinese have placed in doubt

the continuity of certain Hong Kong contracts signed prior to 1997," she told the local American Chamber of Commerce after a three-day visit to China

China sparked a 17 per cent plunge in the Hong Kong stock market with threats to disavow the Sino-British Joint Declaration on Hong Kong's handover and to tear up Hong Kong contracts not to its liking after

Lebanon 'will not be a dumping ground for Israeli problems' says prime minister

# Beirut refuses to give way over deportees

By Lara Marlowe and Reuler in Beirut

ISRAEL'S expulsion of 415 Palestinians has inspired widespread sympathy for them in the Lebanon, but the government in Beirut is none the less determined that it will no longer be an unwilling accomplice in such actions.

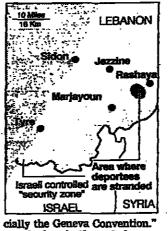
Mr Rafik Hariri, the Lebanese prime minister, said that Lebanon "will not be a dumping ground for Israeli problems". Sixty-six Palestinians have been deported to Lebanon in the past five years, and Lebanon has never before refused to receive them.

However, the government yesterday issued a communique saying the Lebanese army had instructed the 415 deportees to "go back where they came from". It noted that humanitarian organisations had been ordered "to stop all assistance to the area where the deportees are located". The deportees had set up a

makeshift camp in no-man's land in south-eastern Lebanon. Reporters at the scene said the South Lebanon Army fired around the deportees and over their heads as they attempted to return to israel and came within several hundred yards of the SLA positions at Zemraya on the edge of Israel's Lebanese "security zone". Two Palestinians were wounded and taken to hospital in the Lebanese governmentcontrolled village of Rashaya.

Israeli prime minister Yitzak Rabin claims the 415 men are now Lebanon's responsibility, but Mr Hariri firmly rejected liability for their well-being. "I feel sorry for the difficult

and inhuman conditions under which the deported Palestinians are living," Mr Hariri said. "But the position of the Lebanese government has not changed. The Israeli government continues to bear the responsibility for this decision which is contrary to the principles of international laws, espe-



Asked whether Lebanon intended to participate in Middie East peace talks when they resume after US President-elect Bill Clinton is inaugurated on January 20, even if the 415 Palestinians were still trapped in their camp, Mr Hariri indicated it would.

"We have to discuss this matter in the council of minis-

don't see why we will not continue the peace talks," he said. The Lebanese government was in some disarray over the order yesterday that the deportees should move south. An official told Reuters news agency: "The orders by a (Lebanese) army unit to the deportees to return to the Israeliheld area is not an official stand by Lebanon." But Mr Mohsen Dalloul,

defence minister, said Lebanon would "use pressure" if necessary to stop the deportees from entering governmentcontrolled areas - and it would send them back to Israeli-held areas if it could. Mr Michel Samaha, information minister, said Lebanon was not responsible for the

Beirut government. The Lebanese government is not responsible in any way for the deported prothers as their present location is out-

deportees because they were in an area not controlled by the

Bweiz said."

commanding some 60 troops just north of the deportee's encampment, Maj Omar Halaby, was applauded by the Palestinians when he told them to return to the Israeli-occupied zone of southern Lebanon yes-

which the Lebanese state prac-

tises its sovereignty." he said

after a meeting with the prime

minister, defence minister and

and Gen Emile Lahoud, army

What has helped the govern-

ment, however, is the support of the deportees themselves.

The Lebanese army officer

The Lebanese foreign minister, Mr Fares Bweiz, criticised UN Security Council resolution 799 for failing to include sanctions against Israel. "The international commu-

nity must realise that its credibility is at stake if it remains silent in this affair, which resembles Nazi practices during the second world war, Mr

HE carload of government supporters careered down Nyeri's main street, loudspeaker blaring election slogans. occupants waving posters adorned with a cockerel, symbol of Kenya's

ruling party, Kanu. It was a forlorn gesture of defiance. Nyeri, centre of a rich agricultural region and home to the disgruntled Kikuyu tribe, will declare for the opposition in elections next Tuesday, the first multi-party poll for 26 years.

But when overall results are declared, Kanu and its leader, President Daniel arap Moi, may well have cause to crow.

The combination of an efficient party machine, a core of support based on an alliance of ethnic minorities and what are politely termed election "irregularities" make it possible now that Kanu will slide home with the most seats in the 188-member parliament and Mr Moi may win the presidential poll,

largely by default. A year ago this prospect would have been almost inconceivable. Since then the opposition forces have fragmented and Kanu has been able to exploit this division.

# Flawed Kenya poll is set to resolve little

Michael Holman and Julian Ozanne warn of grave consequences if election is not judged 'free' ria, is home to Mr Odinga's Luo But this alone might not have been

enough to return Kanu to power after the past decade of autocracy and corruption, and the ruling party has taken no chances.

Election observers already concede privately that government manipulation has seriously flawed the election process. They say the government and the ruling party a distinction without a difference - have influenced the out-

come in four main ways, · Voters' rolls in at least 20 constituencies were given a Kanu hjas through the registering of party supporters bussed in from else-

 Opposition parliamentary candidates, some planted by Kanu, have been offered bribes to stand down. At least 22 have withdrawn so far. Opposition candidates were prevented from submitting nomination papers in 17 constituencles, leaving Kanu candidates unopoosed.

 State resources - ranging from government funds to vehicles and civil servants, radio and television - have been deployed in Kanu's cause.

The consequences of failure to meet the criteria of "free and fair" year ago, will stay frozen, and the headed by former minister and busi-

ble opposition victory.

Leading the challenge is the Democratic Party of Mr Mwai Kibaki, former finance minister and vice president. Running second is Ford Kenya under Mr Oginga Odinga, the 85-year-old veteran politician; are grave. Aid flows, suspended a and in third place is Ford Asili,

dent Jomo Kenyatta, they today feel alienated and marginalised by President Mol's 14-year rule. All 25 constituencies are likely to fall to opposition parties, mainly to the DP, whose leadership is predominantly Kikuyu. The rest will be split between Ford Kenya and Ford Asili - most going to the latter, thanks

Efficient party machine, ethnic alliances and electoral 'irregularities' favour President Moi and ruling party

stability of what would be an unrepresentative government will be

Without the government weighting the deck in its favour, political observers say, the election would have been a closer-run affair. Disillusionment with Kanu under Mr Moi among the three largest tribes the Kikuyu, the Luo and the Luhya - paved the way for a possinessman Mr Ken Matiba.

At least three of Kenya's eight provinces have largely deserted Mr Moi and Kanu - Central, Nyanza and Nairobi. The stronghold of opposition is in the densely populated Central province, home of the large and wealthy Kikuyu tribe, which forms about 21 per cent of Kenya's 25m population.

to Mr Matiba's strong presence in his home district of Murang'a. province are expected to fall to Ford Kenya; Kanu's best chances are m Kisii district, where Mr Simon Nyachae, the influential former cabinet secretary, is leading the party's campaign.

The state of the s

tribe, 13 per cent of the population.
They are deeply embittered by the murder two years ago of their kinsman, Mr Robert Ouko, the former foreign minister. There are suspicions of high-level government involvement in his death. In Nairobi, where Luos and Kiku-

yus make up a majority of the capital's population, most if not all the eight seats are expected to fall to the opposition. Mr Moi and Kanu are strongest in

the Rift Valley province, home to about 30 per cent of the electorate and with 44 seats at stake. The Most of the 29 seats in Nyanza province is home to Mr Moi's Kaleneilo tribe (11 per cent) and other minority ethnic groups such as the nomadic Turkana, Samburu, Maasai and Pokot, who will turn out solidly

In Eastern Province the DP is a ampaign. In season revenue the UP is a Nyanza, a fertile sugar cotton and strong contender for the 32 seats at All-powerful under the late Presi-rice province bordering Lake Victo stake. Kanu's best chances lie in the

arid northern districts of Isiolo and Marsabit, containing six seats. In the 20 constituencies in Coastal

province at least half the seats are expected to fall to the opposition, mainly to Ford Kenya, benefiting from an informal alliance with the banned Islamic Party of Kenya. The IPK represents the disgruntled local Moslem population, who accuse the government of being dominated by irland tribes.

Vestern Province's 20 seats are llkay to be split between Kanu and the main opposition parties. A key figure is Mr Martin Shikuku of Ford A. li, expected to win support of his Luhya tribe (14 per cent.)

The wild and virtually sealed off North Eastern province, with 10 seats, is a mystery. Its population. Somali in origin, are resentful about a gov riment ethnic screening exercise last year, but Kanu is the

only rarty with a presence.
Opposition parties have already warned about the prospect of serious unrest, even civil war, if Kanu clings to power unfairly. In the slums of Nairoht, Nakuru and Kisumu hundreds of thousands of urban poor with nothing to lose are a powder keg waiting to be lit.

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# rejects EC poll reform

By Raiph Atkins

BRITAIN Will retain the "first past the post" voting system for the European elections in June 1994. Mr John Major, has

decided. The prime minister said yes terday he would not follow other European Community countries, all of which use some form of proportional representation for electing members of the European Parliament.

Under the British system voters within a constituency have one vote. A simple majority gives the parliamentary seat to the winner.

Mt Major's comments ended speculation that the decision at the European summit in Edinburgh to give Britain six more MEPs would lead to electoral reform. Northern Ireland's MEPs are already elected by proportional representation.

It had been proposed that the extra seats could be added by turning existing European constituencies into multi-member

Confusion remains over how the six seats will be allocated. The 1978 European Parliamentary Elections Act made no provision for a review and changes would need legisla-

The Boundary Commission is preoccupied with re-drawing seats for the House of Commons in time for the next general election. One option would be for the home secretary, to set up a special ad-hoc committee to make arrangements in time for the 1994 European

Mr Major said he could see the "superficial equity" of bringing the electoral systems used by all EC countries into line. But he added: "Our tradition in this country is to maintain a direct relationship between the elected member and an individual constituency and that tends to argue for the -first past the post system. I don't myself imagine that we

are likely to change that." The European parliament has repeatedly called on the European Council of ministers to agree a common electoral system. All countries and the European Commission have agreed that uniformity would be desirable. But there has been stalemate in talks on what system to adopt.

Major backs measures to help industry MR JOHN MAJOR gave a clear

London exchange

plans closure of

unlisted market

agnal yesterday that a park-age of measures to underpin industrial investment will be at the centre of the next Budget in March.

He confirmed also that Mr

chancellor of the exchequer. In an effort to end the speculation about Mr Lamont's future, the prime minister ruled out an early cabinet to invest". Capital investment reshuffle. Returning from a was the key both to medium trip to Washington he told BBC Radio that he was ready to make ministerial changes "as and when" it was necessary. But he added: "I am not anticipating a January reshuf-

Norman Lamont was not about

to be moved from his post as

His comments were interpreted in government circles as

THE London Stock Exchange has recommended the Unlisted

Securities Market (USM) should close at the end of 1995

because it no longer fulfils its

role of providing capital for

small companies.

It is proposing to establish 
"an identifiable smaller companies sector" on the Official
List, to which the 308 compa-

nies on the USM would have to

To help companies make the

transition to the List, the ini-

tial fee payable on transfer to

the main market will be

waived and companies will not

be required to produce listing

The fee varies according to

the value of the equity admit-

Speculation about the pro-

posed closure of the market,

which opened in 1980, has grown during the last year

while the Stock Exchange con-

The review-concluded that

ducted a review of its future.

there had been a convergence

between the USM and the List

and "investors' and companies'

perceptions of the USM have

markedly deteriorated". The

particulars.

ted to the list.

move or lose their quotations.

By Maggie Urry.

signalling that despite the prospect of a critical House of Commons report on his handhing of his personal finances, Mr Lamont's position at the Treasury is secure until the summer.

But the prime minister accompanied his support for the chancellor with a clear signal that he intends to take an active role in shaping the contents of the March Budget. He said that his first priority in 1993 was to ensure that

term growth and prosperity and to short term job creation. Voicing hopes that the international environment would allow him to focus much more of his attention on his domestic agenda in 1993. Mr Major

which we begin to recreate the

as a dying market" it said,

with companies only remain-ing on the USM because of the

... The review also found there

were more small companies on

A final decision about the

USM will be taken in March,

and the Exchange will take

comments received before

March 5 into account. If the

closure goes ahead, no new

issues will be allowed on the

Mr Ian Salter, deputy chair-

man of the exchange, said:

The USM was a very success-

ful market for smaller compa-

nies raising capital in the

1980s. Our research shows it is

Many USM-quoted compa-nies welcomed the decision.

But the move has been

opposed by those who believed

the USM provided an impor-

tant source of equity capital

for smaller companies in the

1980s, and could do so again

market for immature compa-

nies but found there was

once the recession lifted. During its review the Exchange considered a new

"insufficient demand".

no longer fulfilling that role."

USM after June 30 next year.

cost of moving to the list.

the List than on the USM.

companies have the confidence

UK economic performance improved marginally in the third oparter, although figures released yesterday indicated most areas of activity were flat. The Central Statistical Office said gross domestic product grew by a seasonally adjusted 0.1 per cent in inflation-adjusted terms between the second and third quarters compared with its announcement last month of unchanged

Prime minister rules out immediate cabinet reshuffle, safeguarding Lamont's position

confidence, the growth and the prosperity of British industry and commerce."

third quarter GDP. Excluding

oil and gas output, GDP fell

0.2 per cent compared with 0.3

per cent reported earlier.

Mr Major wants the next Budget to build on the investment incentives in last month's Autumn Statement, which temporarily raised capi-

Computer

finale to

tall story

THE LIGHTHOUSE keepers of

England are a dwindling band.

The logic of automation, as

inexorable as the North Atlan-tic, has cut their number from

270 at the turn of the century

Yesterday, The Bishop Rock.

for 134 years a chess-piece bea-

con off the Isles of Scilly, lost

its last keeper. He was replaced

by £450,000 of computer con-

For Trinity House, which

runs the service, the cost per

annum will be £96,000 - com

pared to £191,000 for maintain-

Over the next 15 years Trin-

ity House hopes to save

£975,000 at The Bishop. The

automation brings it closer to

its target of replacing all off-

shore keepers by 1997. After

The Bishop only three manned

The tower needed a crew of

six: three on duty and three

off. The average wage was

£10,000 per annum for working

four weeks on and four weeks

Now the tower is monitored

from Trinity House's control

centre at Harwich, East Ang-

lia, with telemetry provided by

GEC, Britain's biggest indus-

trial company. The Bishop will

have its own "attendant" who

will visit every month, plus a

Despite the savings many will regret the passing of the

lighthouse keeper. The Bishop

has been the marker for Blue

Riband' crossings of the Atlan-

tic for more than 150 years. Since then sailors have looked

six monthly general overhaul.

ing keepers on the rock.

By Jim Kelly

to just 122 today.

trolled equipment.

towers remain.

tal allowances for spending on industrial plant, machinery and buildings. He will also press the Treasury to increase the scope for private and public sector partnerships in large-

scale infrastructure projects.
Government officials acknowledge there will be no scope for net reductions in taxation in March. Ministers have not ruled out the possibility of an overall increase in taxation. But Mr Major is determined that the government should follow through on its recent commitment to a revival of manufacturing industry by extending tax incentives.

He wants Mr Lamont to consider also special help for small businesses, the worst affected victims of the recession, and for exporters facing increasingly tough world markets. Mr Major has given his full backing to Mr Michael Heseltine,

in his efforts to change the "culture" in government in support of industry.

Mr Lamont and his fellow Treasury ministers will not map out their strategy for the Budget until their traditional meeting on January 9. Because of the introduction

at the end of 1993 of a unified budget embracing spending as well as taxation, there has been speculation in Whitehall that the March package might be a "holding operation". But with his longer-term future still uncertain, Mr Lam-

ont is keen to make a significant impact in March. He is expected to canvass the possibility of an extension of Value Added Tax to zero-rated items like domestic fuel, transport, new house-building and newspapers to pay for wide-ranging tax reform elsewhere.

### Britain in brief



research The government's Defence Research Arm confirmed it was cutting 2,000 jobs, mainly in the south of England.

The cuts will save £90m year from the DRA budget of 6800m a year. "These savings are abso-

lutely necessary in order to turn the DRA into a viable and cost-effective organisation offering real value for money to its customers," said the DRA. The agency also blamed "the downward trend in defence expenditure".

Eighteen sites, out of a total of 54, will be shut over the next five years, said the DRA.

### **Tour groups** cut prices

The big three tour operators Thomson, Owners Abroad and Airtours - are cutting the costs of summer holidays next year in an attempt to stimulate sales in the recession-hit mar-

Thomson, the largest operator, is reducing the prices of more than 1m holidays by £50m across a range of European and US resorts.

Bookings for summer 1993 are 10 per cent down at present and there is no sign of the recession ending, according to the company.

"With value for money a top priority, these new prices will mean an overseas holiday is an affordable reality for thousands more people next summer," said Mr Charles Newbold, managing director.

### Local chambers to merge in UK

Britain's chambers of commerce and chambers of trade will end nearly a century of rivalry when they merge on January 1 to form an organisation with 230,000 members.

The Association of British Chambers of Commerce, with 80,000 members, is to combine with the National Chamber of Trade with 150,000 members. The chambers of commerce will absorb the NCT which will form a retailing division.

The merger will create an organisation similar in size to the Confederation of British Industry. Preliminary talks have also been held with organisations representing local enterprise agencies and business clubs about the possibility of forming links, Mr Ron Taylor, director general of the association said.

### US law suit rejected

A High Court judge rejected a law suit brought against the administrators of Canary Wharf, by Bear Stearns, a US investment bank which occupies 20,000 sq ft of the Dock-lands development.

Bear Stearns claimed that it was entitled to rescind its Canary Wharf lease because Olympia & York, the developers, had breached its agreement to pay the rent on Bear Stearn's former premises at Devonshire Square. However, Mr Justice Morritt in the Chan-cery Division of the High Court concluded that there had been no breach.

The ruling has important implications for several other tenants at Canary Wharf, since O&Y commonly offered to take responsibility for a tenant's old premises as part of an incentive package to move to Canary Wharf. None of these obligations have been met since Canary Wharf went into administration in May.

### On ice.....

The occupation of the former Lyons Maid ice cream factory at Kirkby. Merseyside, has ended with an agreement that the workers can try to keep the business going as a co-operative.

Nestlé UK, which acquired the business from the receiver, has agreed to assist in setting up the co-operative and has donated the equipment in the plant. Mr Brian Revell, national officer of the TGWU general union, said: "This is a very significant development which provides an opportunity for our members to secure

Autopilot: Computers now control The Bishop Rock lighthouse after the last keeper left yesterday by helicopter

# TV chief to run prison service

By Alan Pike and Ray Snoddy

government's determination to maintain the momentum of change in the prison service was signalled yesterday with the surprise appointment of Mr Derek Lewis, a television executive, to run it.

Mr Lewis, 46, chairman of UK Gold Television and former chief executive of Granada Group, takes over as directorgeneral next month. He will become chief executive in April, when the service is relaunched as a Next Steps agency at arms-length from the

Mr Kenneth Clarke, home secretary, said he believed Mr Lewis, with his business background, was "best equipped to manage the process of change needed in the service. In spite of his lack of civil service experience, Mr Lewis will become



Derek Lewis will takeover prison service next month

the home secretary's chief policy adviser on prison matters. Union leaders and prison reform organisations last night expressed concern about Mr Lewis's selection, with the

Association of First Division Civil Servants saying it "looked like a political appointment by the home secretary." The prison service has traditionally been run as a highlycentralised civil service depart-ment and dominated at local level by the Prison Officers Association, its powerful trade union. Mr Lewis's appointment is the latest in a series of government initiatives aimed at shaking up these arrangements. Britain now has two privately-managed prisons, and both the public and private sectors are preparing bids to manage the rebuilt Strange-

From 1968 to 1982 Mr Lewis worked for Ford Motor, leaving as Ford of Europe's director, finance staff. In May 1991 Mr Lewis had a major setback in his career when he was forced to resign from Granada, with a pay-off reputedly in excess of £500,000.

ways prison, Manchester.

### on The Bishop with relief: from today no one will be looking

Ian Maxwell 'in breach of duty' vesterday ordered by a High Court judge to pay £500,000 to the liquidators of Bishopsgate Investment Management, the former managers of the Mirror Group pension funds, writes

John Mason. The action brought against Mr Maxwell was similiar to that brought against his brother, Mr Kevin Maxwell, which ultimately left him as Britain's biggest bankrupt, owing the liquidators more

The judge ruled that Mr Ian Maxwell had been in breach of his duty as a BIM director by signing forms to transfer shares from BIM to Credit Suisse without questioning the transaction. The £500,000 interim payment was ordered

value of the shares is made. The judge rejected an application by BIM's lawyers for Mr Maxwell to be summarily liable for more than £400m of losses, arising from other transfers.

indicated in court that he might not be able to pay the £500.000. If this were the case, enforcement proceedings against Mr Maxwell could lead to him being made bankrupt too. His lawyers said they were considering an appeal.
In an earlier affidavit Mr Ian

until an assessment of the Maxwell said he only had limited knowledge of BIM's operations and signed the stock transfer form for Credit Suisse because he had relied upon his brother having Lawyers for Mr Maxwell already signed it.

# Late-running benefit arrives for railway staff

By Catherine Milton,

BRITISH Rail has announced the arrival of a salary benefit for 4,900 signalling staff - 32

Rail unions said it was 1960 when they first argued that senior signalling staff should be paid extra for training their juniors – a task never written into their contracts.

The RMT rail union said for more than three decades BR, the state rail network, had refused to entertain the claim. The union never accepted management's view that remuneration for training had been addressed in pay reviews which considered technological change.

BR insisted that, as far as it was concerned, the claim had been lodged only two years

"The claim was lodged in December 1990 and the final offer was lodged in July this

"It seems curious that they should not have pursued the claim if they really did lodge a claim in 1960," BR said.

The RMT yesterday accepted BR's offer, noting that the claim had outlasted three of its general secretaries, 17 transport secretaries and seven British Rail chairmen. Staff have settled for 15 per

cent on top of basic pay for every shift worked with a trainee. The RMT rail union calculated staff will walk away with between £4.40 and £6.80 per training day.

The union said it will raise the question of backdating the

allowance, although many of the roughly 15,000 signalling staff employed in 1960 have died, moved jobs or retired. BR said there were many local agreements under which

some signalling staff are paid the allowance. • Sir Bob Reid, chairman of

British Rail, has predicted that the network's service next year could be poorer as difficulties from the tightness of the public-spending settlement and the fall in revenues worked their way through into the railway's performance.

He renewed his call for annual investment of £1.2bn-

### BOSTON ARGENTINE INVESTMENT FUND, SICAV Société d' Investissement a Capital variable RC Luxemborg B 39909 41 Boulevard Royal Luxembourg

NOTICE OF MEETING

Notice is hereby given to the sherebalders of BOSTON ARGENTINE FUND, SICAV that an extraordinary sherebalders' meeting shell be held, before notary, at the registered office of the Company, 41, Bid Royal, Luxembourg on January 8, 1993, at 14.30 local time with the following egenda:

Amendment of Article 3 first sentence of the Articles of Incorporation of the Company to be recorded as follows:

"The object of the Fund is to place the funds available to it in transferable investment risks and affording its shareholders the results of the management of the Fund's portfolio".

Amendment of Article 5 paragraphs 1 and 4 of the Articles of Incorporation to ambetitule the reference to article eighteen by a reference to article seventree.

3. Amendment of Article 5 paragraph 7 to be reworded as follows:

"Shares are issued in registered book entry form only".

4. To delete the paragraph 8 Article 5 of the Articles of Incorporation

5. To delete the Article 8 of the Articles of Incorporation 6. Recombering of the subsequent articles of the Articles of Incorporation

Amendment of Article 12 of the Articles of Incorporation to provide for powers of the Beard of Directors to decide about the type of securities eligible for investments and to comply with the investment restrictions provided for by Part I of the Lew of March 30, 1988.

Amendment of Article 17 paragraphs 2 and 3 of the Articles of Incorporation to authoritate the reference to article eighteen by a reference to article seventeen.

 Amendment of Article 17 paragraph 6 of the Articles of Incorporation to be reworded as follows: "Any request for redemption of shares must be filed by such shareholder in irrevocable, written form addressed at the registered office of the Fund in Luxembourg, or at the office of the person or entity designed by the Fund as its agent for the redemption of shares".

Amendment of Article 18 Paragraph 2 line 4 of the Articles of Incorporation to replace once a month by "twice a month".

Amendment of Article 18 peragraph 6 of the Articles of Incorporation to be reworded as follows:

1) Securities listed on an official stock exchange or traded on another regulated market which operates regularly and is recognized and open to the public in Argentina, EEC or OECD countries are valued on the basis of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this accurity will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Beard of Directors or its delegate with a view to establishing the probable sale price for such accurities;

milisted securities are valued on the basis of their probable sales price as determined in good faith by the Board of Directors or its delegate;

3) liquid assets are valued at their nominal value plus accrued interest.

12. Amendment of Article 18 paragraph 10 of the Articles of Incorporation to be

The percentage of the total value of the net essets to be allocated to each class of shares shall be determined on the establishment of the Fund by the ratio of the shares issued and outstanding in each class to the total number of shares issued, (it being understood that the por share value of each class of shares I and shall be adjusted subsequently in contection with the distributions affected and the issue and redemption of abscess as follows:

1) On each occasion, when a distribution is effected on Class A shares, the Net Asset Value of the shares in this class shall be reduced by the amount on the distribution (causing a reduction in the percentage of the total value of the out assets allocated to the shares of this class), whereas the Net Asset Value of Glass B shares shall remain unchanged (causing an increase in the percentage of the total value of the net assets allocated to Class B shares);

2) On each occasion, when shares are issued or redermed, the total value of the not assets allocated to each class of ghares shall be increased or reduced by the amount received or puld out and the percentage of the total value of such not massis allocated to such class shall be adjusted accordingly.

Amendment of Article 19 paragraph 1 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seven

The resolutions may be passed with a minimum quarum of 50% of the issued espital by a majority of 2/3 of the votes cost at he meeting

The shareholders on record at the date of the meeting are entitled to vote or give

Proxice should arrive at the registered office of the Company at least 48 hours

By Order of the Board of

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rating S&P - ADEF : AAA m FF 52.7 br Portfolio structure: share of floating rate investment. 63.5 % fixed rate investment at 45 days average Performance over one year \_10,45 %\* (29.11.91-30.11.92) \_ Average performance of other tunds in the same category (same period) 10.28 %

### **FONSICAV**

as at 30 november 1992

ACCUMULATION MONEY MARKET FUND DEPOSITARY : CAISSE DES DEPOTS ET CONSIGNATIONS.

\*Source Micropal

Patrick A-DORMEUII. (33-1) 42 79 56 59.

magic carpet teases its companions and hides from them; a woman steps out of a pool with water pouring from a hole in her stomach; cows sing; and a thousand fans are cloned to fill a baseball stadium.

Even in the fantasy world of films, these scenes would have been impossible just a few years ago. The reason they are on screen today is that a new generation of film artists is exploiting a fresh and exciting technique known as computer digi-talisation. The widespread acceptance of computer-generated images in films has surprised even the pioneers of such techniques.

"When we started experimenting with computers in films in the early 1980s, a lot of people didn't want to have anything to do with it," says John Lasseter, a film director at Pixar, which has won Academy Awards for its innovations in computer-animated films. "Now, it's hard to imagine an animated film without it. And pretty soon, it may be hard to imagine a feature film without it."

Computers work on both a two-dimensional and three-dimensional level with film. On a two-dimensional level, the computer can be used to fill in colours and background.

Walt Disney routinely uses a computer colouring system to add in subtle shadings throughout an animated piece. Disney and Pixar, which helped develop the system, won a special technical Oscar this year for the technique's contribution to Beauty and the Beast. The technique digitally "inks and paints" the animator's drawings before compositing them with handdrawn backgrounds and effects. Industrial Light & Magic, consid-

ered the leader in special effects for feature films, used a twodimensional digitalisation technique to create the hole in Goldie Hawn's stomach in Death Becomes Her. "First we filmed the scene without Goldie in it, exactly duplicating the camera moves," says Thomas Williams, in charge of digital technology at the company. "Then, we filmed the scene with her in it. The computer took the two films in its memory and used them to create the hole, with the background scenery exactly where it

was supposed to be." The three-dimensional applications of the technique are even more exciting. In the same way that a science researcher uses digitalisation to create a three-dimensional computer model of a molecule capable of being spun around and viewed from different angles - film makers create fantasy images, then work the film around them.

Walt Disney first used the technique for the clock gears in the animated film The Great Mouse Detec-

# Creating dreams on computers

Victoria Griffith looks at the new generation of films that use digitalisation techniques



tive. Digitalisation also created a carriage in The Little Mermaid and a convincing three-dimensional ballroom in Beauty and the Beast.

But the company's latest film Aladdin - which has just been released in the US and will open next year in Britain - has taken the process one step further. It uses the group's first computer-generated animated object, a magic carpet, which appears in nearly a third of the film.

"The software and hardware have progressed, and so has people's acceptance," says Stephen Goldberg, artistic supervisor with the

growing sense of trust that we're not out to take the art out of animation."

Indeed, most of the people working at CGI have a background in traditional animation. The magic carpet was initially hand-drawn. then digitalised into the computer by animator Tina Price. In the computer's memory, the carpet existed in three dimensions and was able to move around on the film with its complex pattern - containing magic lamps, crossing swords, and tigers' heads - in place.

"It would have been impossible to move the pattern convincingly from company's computer generated frame to frame using traditional imagery (CGI) unit. "There is a animation methods," says Goldberg. frame to frame using traditional

Walt Disney also used the technique to create the film's tiger's head, which emerges from the des-ert. The tiger's head is made up of many grains of sand which would have fittered on the surface if conventional methods had been used. Instead, the computer memory keeps the grains of sand in place.

Although Walt Disney is unparalleled in combining digitalisation techniques with the more old-fashioned hand-drawn frames, it is Pixar which leads the field in 100 per cent computer-animated films. Short pieces like Luxo Jr and Tin Toy, which won an Oscar in 1988. have set the pace for the industry.
"When we started using these

techniques in the early 1980s," says Lasseter, "there was a misconcep-tion that the computer was making the film. That is no more true than the statement that a word processor writes a journalist's articles. But once you have the computer tool to use in animation, you wouldn't want to give it up any more than

you would a word processor."

The biggest challenge for animators is getting the computer to generate images that are not perfect looking. "We still want it to look like animation." Lasseter adds. "Computers like geometric, perfect worlds, and we have to fight against

For feature films, however, the challenge is just the opposite making images look as real as possi-ble. Digitalisation has been widely used in science-fiction and fantasy

A three dimensional technique created Meryl Streep's twisted neck in Death Becomes Her, and helps contribute to many of the special effects in Terminator 2, including the scene in which a creature rises convincingly from the surface of a

The film world may get computergenerated characters soon. Steven Spielberg is said to be working on a film that would use computer-generated dinosaurs, courtesy of Industrial Light & Magic.

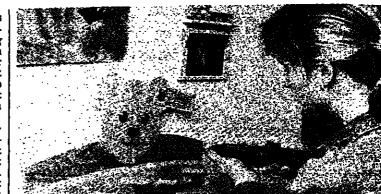
But the use of computers is rapidly moving beyond the science-fiction and fantasy realm to invade all types of films. Pacific Data Image used computer generation to clone the extras in scenes for The Babe, a movie about Babe Ruth, the base ball legend. "They needed 30,000 fans in period dress," says Carl Rosendahl, president. "But it's expensive to hire 30,000 people and produce costumes for all of them. So we took 1,000 extras and filmed them in various parts of the stadium. The computer used its memory to put them all together and we got a stadium full of screaming

Computers are being widely used for complex stunts in action movies. "The stunt man can act in complete safety, with cables attached, and we later remove the wires and scan the scenery back into the film," says

Computer digitalisation is also making its way into television com-mercials and music videos. Lancia car advertisements used an effect called morphing to make a logo in the desert melt to form a car, which then drove off. The company also created a singing cow by computer.

Those involved in using comput-

ers in films say the new techniques are a long way from reaching their limits. "This industry is still in its infancy," says Goldberg of Walt Disney. "At the moment, the possibili-



# Cutting the cord of power tools

New models need to be recharged less often, writes Della Bradshaw

mong the pairs of socks and festive chocolates, many weary executives are likely to find a power tool stuffed into their Christmas stockings. But rather than a model with yards of rubber-clad cord attached to it, the chances are that this year's drill or screwdriver will be cordless.

These days, that should raise a smile rather than a grimace. Developments in battery and charger technology mean that cordiess tools can easily perform most of the handyman's tasks.

"Over the past 10 years, cordless tools have developed to the extent that they are 200 per cent more efficient," believes Brian Neighbour, technical services development manager at power tool maker

"When cordless tools first came on the market in the early 1970s, the idea was right but the technology was not there, " says Neighbour. "A man would go up a ladder to put in a dozen screws, but would have to come down again when he'd only done five because the tool needed recharging."

Just how long a do-it-yourself enthusiast can now work with a cordless tool before the power runs out is as long as the proverbial piece of string. It all depends, say the manufacturers, on the size of the bit, the material that is being drilled into, and even the weight of the person using the tool. But as a rule of thumb, they reckon that one of the more powerful cordless screwdrivers could drive in 80

screws before needing a re-charge. Developments in cordless power tools have been incremental rather than revolutionary. The nickel cadmium batteries - similar to those used in portable telephones - have become smaller and are able to pack an increasingly powerful

A lot of work has also gone into the development of circuitry in the charger which powers the batteries. When cordless tools first came on to the market, it took 12 hours to re-power them. That was reduced to three hours, then one hour. Today, manufacturers boast of the "coffee break" charge - just 12 or 15

Like portable computer makers, power tool manufacturers have been trying to ensure that the tools use as little power as possible, so the batteries last longer. They have developed a way of lubricating the tools with a special low-friction grease, which ensures that the drill bit or the screwdriver twist as easily as possible and so use less

Black & Decker estimates that 30 per cent of its tools sold these days are cordless, with most people buying them as a second tool to use gside their existing mains-powered model. Nor is it just drills or screwdrivers that are cordless: sanders, circular saws, metal shears and even glue guns are now cutting the cord.

At the more powerful industrial end of the market, not only carpenters and decorators are using cordless tools - aithough they have proven particularly popular in private house building where they can be used before the mains electricity supply is switched on. These days, even car manufacturers are beginning to realise the advantages of

# weekend's FT comes wrapped special paper. Thursday?s Christmas Eve FTE To celebrate the season of peace and goodwill to all businessmen and women, the Financial Times is giving you a present.

The Boxing Day edition of the Weekend FT comes with Thursday's paper (the FT will not be published on Saturday 26th).

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### M and S Marks and Spencer has promoted Joe Rowe, Jim Benfield and Roger Aldridge, all divisional directors and all Charlotte, North Carolina, long-serving M and S men, on which employed about 20 peoto the main board. Rowe, 45, who was made a divisional director in 1990, and is currently in charge of poultry, fish, meat and gifts, joined as a trainee merchandiser in 1975 from Unigate where he had been a systems analyst and then management consultant. With the bulk of his M and S career spent in the food and clothing divisions, he also served a year as Lord Sieff's personal assistant when the latter was chairman. Benfield, 43, who has been responsible for store development and construction services, came to the company as a management trainee in 1970.

He has been a divisional director for the past six years. Aldridge, 45, an Associate of the Royal Institute of Chartered Surveyors, is currently looking after estates. He had been at J Hepworth before joining M and S in 1973. He was

six years ago. Andy Lusher, head of store operations and property development, retires at the end of

also made a divisional director

■ Ken Schofield, MTM's chief executive, has completed the managerial stable-cleaning and reorganisation of his troubled chemicals group.

James Friederichsen, president of MTM's US operations, member of the team led by Richard Lines, chairman and founder, who resigned in

MTM's structure into operational units and done away with geographical divisions. Friederichsen ran the nowclosed US headquarters in

**PEOPLE** 

Ken Carter has been appointed director responsible for fine chemicals, which represents about 40 per cent of MTM's turnover. His main task, according to the company, is to increase plant utilisation at the division's sites at Kirkby and Rock Hill.

■ Gregory Hutchings, chief executive of Tomkins, and Ian Duncan, finance director, have been appointed to the board of Ranks Hovis McDougall, which the conglomerate took over earlier this month.

Also appointed to the RHM board are Bob Muddimer and Denis Mulhall, both members of the Tomkins management team who have been in the US integrating the 1990 acquisition of Philips Industries with Tom-

Muddimer will be responsi-ble for RHM's operational man-agement in the UK and Europe group president while Mulhall will be chief financial offi-

Tony Reading moves to the main Tomkins board and will be chief operating officer in the US. He will also have responsihility for RHM's US operations. Malcolm Swain will take over the position of Tomkins chief financial officer in the US.

RHM also announced the resignations of Michael Beckett and Bob Rogerson as non-executive directors of RHM. The other RHM directors who were in place at the time of the takeover remain on the board.

# Schoffeld has simplified | Non-executive

# directors

chief executive of Harland and Wolff Holdings, at GKN from next April

Christine Morin-Postel executive vice-president. corporate development and international operations, at Lyonnaise des Eaux-Dumez, at NFC.

■ Michael Hogben, a former chairman of the working party on audit guidelines for building societies, at PORTMAN BUILDING

SOCIETY ■ Alistair Gray, md of Genesis Consulting, at HIGHLAND DISTILLERIES.

■ Jim Power as chairman at SPECIALEYES on the resignation of Andrew Noble ■ Allan Gormley, chief executive of Trafalgar House, as a deputy chairman of ROYAL INSURANCE. Hugh Try, chairman of Try Group and deputy chairman of the Construction Industry Training Board, at The PHOENIX TIMBER GROUP. Ray Tindle, chairman of Tindle Newspapers, at SOUTHERN NEWSPAPERS. John Robinson, chief

executive of Smith & Nephew,

# Change of heart at Chrysalis

Spurred on by the Cadbury report, music publishing com-munications and media company Chrysalis is appointing three non-executive directors - the first outside directors on the board since the company was merged with Management Agency and Music in 1985. Chris Wright, chairman and

served a useful purpose".

Now Chryselis has chosen as
its most semor accounte Charles: Levison, previously

managing director of WEA Records/Warner Home Video (UK) and then, until last year, managing director of Virgin Broadcasting Levison, who is also a trained lawyer, will chair the audit and remuneration committees at Chrysalis. Wright had no need of a

headhunter to locate his first chief executive, says his previous group managing director, Terry Connolly, who left three years ago, had been "very much opposed to non-executive whom he has when Levison was a partner specialising in the music industry at Harbottle & Lewis, He was he have a levison. inclined to pay much attention joins if board.

to himself. One of his other two non-executives will have an accountancy background, with the other probably coming from the creative side. Again avoiding the headhunt-ing route, Wright says he will solicit his fellow board members for names of suitable car-

Levison is currently putting together the joint venture between Virgin and TV-am for Virgin Radio, a national rock station to be launched shortly. says he hopes Levison, 50, will chrysalis has however, negotials help the company develop relations with the City, a side any media ideas or proposals. Wright admits he has not been Levison may have after he Nuishell

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the control of the co

wo years after buying con-trol of Orthofix, an Italian manufacturer of devices, for treating fractures, Edgar Wallner began making plans for a public flotation. He reled out the Italian stock market as being too small and London because he felt it had a prejudiced view of Ital-

lan companies. Acting on the advice of one of the venture capitalists who had backed him, Wallner, an Englishman, decided to list his company on Nasdag, the US electronic market.

Orthofix duly went public last April listing 3m of its 10m shares at \$12 a share, "London investors would not have paid 21 times earnings for an Italian company," says Wallner. Orthofix, with projected 1992 sales of \$27m, (£17.7m) now has funds available to make acquisi-

Wallner's decision to go for a US listing highlights a problem facing growing businesses throughout Europe. The revelation last mouth that the London Stock Exchange was thinking of closing the Unlisted Securities Market reflects a wider malaise affecting secondary stock

markets throughout Europe.

According to one estimate 17,000 companies in Europe have received equity funding over the past decade. Most will not be suitable for a public listing but the managements of these businesses, and the venture funds which have backed them, will all be looking for a way to realise their investment. Flourishing stock markets are essential for putting a price on these businesses and allow-

ing them to raise new capital.

The secondary markets launched in Brussels, Paris, Amsterdam and several other European centres in the 1980s have been struggling to maintain, and in some cases even establish, viable trading volumes. London scrapped its Third Market in 1987, is likely to shut down the USM and is incapable of creating liquidity for many of the 1,500 companies (out of a total of 2,100 on the main exchange) with a market value of less than £50m.

"Unless a young company can have access to the public market at an earlier stage than is now possible there will be a brake put upon enterprise," comments Ronald Cohen, chairman of Apax Partners,

a venture capital company.

One reason for the decline of Europe's secondary markets was that they failed to reach a critical mass and so were unable to provide profits for the promoters, stockbrokers and market makers, says Dick Onlans, managing partner of Baring Venture Partners.

This lack of expertise meant they attracted ephemeral businesses selected because they could be easily understood by the investors, he told a conference on "Realising

Small firms should not rule out a public flotation of stock despite the difficulties, says Charles Batchelor

# Enterprise looks for a way out



Enterprise Value" organised by the European Foundation for Entrepreneurship Research in London.

The high-tech businesses which have sought an early market listing in the US have not been a feature of the European secondary markets. Indivers, a Dutch-based company

providing services to turbine manufacturers, airlines and the semi-conductor industry is illustrative of companies which decided against a European flotation. It twice looked at a listing in Amsterdam in the 1980s but rejected it because knowledge of its industry on the Dutch market was low. Bert Twaalfhoven, founder of

Indivers, calculates that Amsterdam would have valued his company on a price earnings ratio of six while Singapore and London would have rated the company on p/es of 25 and 10 respectively. Finally Twaalfhoven decided to keep his company private.

Keeping the company in the family is attractive to many entrepreneurs but it can act as a brake on growth. And unless the venture capitalists who back fast-growth companies can find profitable "exits" they will have difficulty raising further money from their investors to back the next generation of new businesses.

The most common alternative to a stock market listing is a trade sale where a business sells out to another company. Howard Rose, founder of Runcorn-based Waverley Pharmaceutical, sold his company to Ivax Corporation of the US for \$50m earlier this year. Rose, who built his business with the backing of a wealthy "business angel", says he rejected a London listing because the USM was "a waste of space".

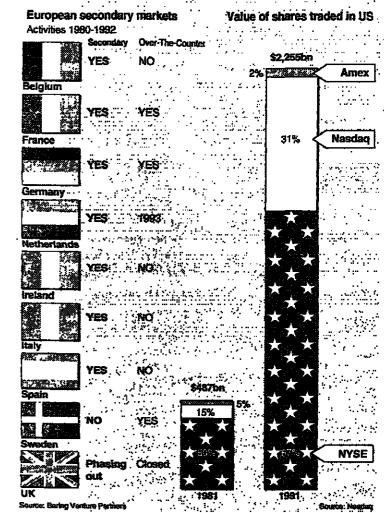
There is a widespread feeling among venture capitalists and entrepreneurs that many European exchanges make it too difficult for the young company to obtain a listing. "The stock exchange seems to see its role as protecting investors against business risk and not just against fraud," comments Cohen.

Entrepreneurs have mixed feelings about the attractions of a flotation, according to a study of nearly 300 European venture-backed businesses by William Bygrave, professor of enterprise studies at Babson College in the US.

Business owners were attracted to the idea of a listing by the prestige of running a public company and the relative ease of subsequently raising finance. But they were concerned at the cost and worried that sponsors and investors would lose interest after the float, leading to a fall in the share price.

The most successful market at attracting fast-growing businesses has been Nasdaq, which trades 181 foreign stocks out of 4,400 listed on its two main markets. On average

How the markets stack up



Nasdaq stocks are dealt in by 12 market makers while 98 per cent of the top 2,200 companies are the subject of regular analysts' reports.

European companies are already using Nasdaq to obtain a listing and it has tried to establish links with European exchanges. "But we have not found a local partner who did not see us as a threat," says John Wall, executive vice president. Modern technology makes it irrel-

about Orthofix to US investors. One suggestion from Baring Venture Partners is for an Europe-wide exchange, to be owned and operated by the European venture capital industry. The exchange would be self-regulating and would recommend valuations, provide a quota-

evant where an electronic market is

based but European companies

would welcome a market which

attracted European investors, if

only to cut the amount of time

spent travelling. Wallner says he has made three trips to the US since

April and given 110 presentations

tion service and complete transac-However, investors and entrepreneurs might have their reservations about a market run by venture capitalists, whose own valuation procedures have come in for criticism. But some new mechanism for floating young companies is needed. "We have to put on pressure to re-

### Inventor pieces together the elements of a public offer ited company in July - Mottik

ohn Mott, a successful British inventor of carbon fibre sports equipment and the device which lights up high-tech training shoes, plans to take on Lego in the marketplace for modular con-

struction toys. To finance his ambitions he a matched bargain basis. hopes to raise £600,000 - £490,000

after costs - from investors.
Unusually for a business at such an early stage in its development it only registered as a public lim-

International Group is attempting to raise money by a public offer for It is even seeking to be listed

under the London Stock Exchange's Rule 535, which permits trading on

Mottik approached venture capitalists to raise the money but says they decided against backing the proposal because it was too risky and involved too small an amount

of finance.

John Hallworth, a partner in Birmingham stockbrokers Griffiths and Lamb which is sponsoring the issue, says this is the first time he has tried to obtain Rule 535 status for so young a company.

The issue of 40 per cent of Mottik's shares will go ahead even if the stock exchange refuses approval but Rule 535 status would give the company a higher profile and allow investors to buy and sell

their shares more easily. Hallworth is critical of the lack of openings for new businesses in the UK.

"Everyone would back the inventions they see on the Tomorrow's World television programme if they could," he says.

"But the stock exchange rules prevent companies listing without a three-year record. Investors cannot get in on the period of really rapid growth."

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# Year of trials and many errors

he UK's Serious Fraud Office (SFO) would, like the Queen, sooner forget

The year started badly. At the end of January Mr Justice McKinnon the trial judge in the year-long Blue Arrow fraud trial, ordered the jury to acquit the three corporate defendants, County NatWest, Nat-West Investment Bank and UBS Phillips & Drew Securities. The defendants were accused of conspiring to mislead the markets over the employment agency's ultimately unsuccessful 1987 rights issue. But the judge said there was insufficient evidence for the cases against the three to proceed any further.

In February, the SFO dropped charges against two men - Mr David Mayhew, a partner of stockbroker Cazenove & Co and Mr Roger Seelig, former corporate finance director at Morgan Grenfell · which would have formed the basis of a third Guinness trial

The trial, arising out of the £2.7bn Guinness takeover of Distillers in 1986, had been expected to start in the autumn. Charges against Mr Mayhew and Mr Seelig, who at the time was already standing trial in the second Guinness prosecution. were dismissed at a brief hearing. Mrs Barbara Mills, the then SFO director, said there was no longer a realistic prospect of conviction.

Within a week the second Guinness trial had also collapsed. 'Mr Justice Henry, the trial judge, discharged the jury five months into the case because the mental strain on Mr Seelig, who was representing himself, had reached a point where it was "no longer possible for him to conduct his defence adequately".

Three days after the collapse of Guiness two, the jury in the Blue Arrow case convicted four of the remaining defendants, acquitting a fifth. After a trial lasting a year and four days and estimated to have cost £35m, six of the original 10 defendants had been found not

Sandwiched in between the decision to drop charges in Guinness three and the collapse of Guinness two, the SFO had, after a sevenmonth trial, secured the conviction of Mr Peter Clowes on 18 counts of theft and fraud. Clowes's conviction came three and a half years after the £150m collapse of his investment company, Barlow Clowes.

Within the space of seven days in February the SFO and the whole fight against so-called "white collar" crime had come within a hair's breadth of disaster (a fact underscored when the convictions of the four Blue Arrow defendants were

The UK's Serious Fraud Office had a poor 1992. Next year is unlikely to prove any better, writes Robert Rice







Cazenove's David Mayhew, Barbara Mills, ex-director of the SFO, and Roger Seelig

overturned by the Appeal Court in July. Subsequent Blue Arrow prose-cutions were also abandoned.)

In fairness, not all the blame for the collapse of these cases should be attached to the SFO. In the Blue Arrow case, some of the blame for the inordinate length of the trial was because of the easy-going style of Mr Justice McKinnon, the trial judge. In Guinness two, Mr Seelig's conduct of his own defence inevitably prolonged the trial.

The collapse of these cases provoked a public uproar. MPs demanded an explanation for the apparent waste of so much taxpay-

ers' money.

Mr Justice Henry called for a radical solution to the problems of long fraud trials. "It seems to me inevitable that we must find a cheaper and quicker way to deal with serious fraud trials and the likelihood is we shall need a radical solution rather than merely tinkering with procedures," he said. Mr Justice Phillips, thanking the

jury at the end of the Barlow Clowes trial, said: "Until recent times, no-one could have imagined that our legal system could place such a burden on anyone's time." Lord Roskill, the former law lord

who chaired the 1983-1986 inquiry into fraud trials, echoed these views. He said the government had been wrong to ignore his earlier advice that complex and lengthy fraud cases were unsuitable for jury

"I'm impenitent about non-jury trials for complex frauds. This view was right in 1986 and nothing has happened to change my mind," he

in the wake of the public outcry, the government promised an immediate review. Sir Patrick Mayhew. the then attorney general, talked of

### fraud offence similar to that used in Scotland as a means of reducing the number of indictments and focusing on the issues at trial.

However, as the year wore on lit-tle more was heard of this idea. The government seemed content to leave the big issues - such as whether complex fraud should be tried by jury or by special fraud tribunals, should there be a simple all-embracing fraud offence and whether certain market offences should be decriminalised - to the Royal Commission on Criminal Justice, which was appointed after the release of the Birmingham Six in March 1991 to inquire into miscar:

riages of justice.

The government promised a consultation paper on changes in the practice and procedure of fraud trials; in the meantime it was left to the judges and other lawyers to carry the torch for reform.

Mr Justice Henry, in various speeches, called for a time limit of four months for fraud trials save in exceptional circumstances; for the trial judge to open proceedings by giving an impartial summary of both the prosecution and defence cases; earlier disclosure of the defence case to allow the issues for trial to be narrowed down; and tougher powers for judges to impose sanctions on both prosecution and defence for non-co-operation in pre-

trial hearings.

Mrs Mills, who by April had been appointed director of public prosecutions, supported Mr Justice Henry's proposals and called for a simple all-embracing fraud offence and formal plea-bargaining so as to recover more of the proceeds of fraud. These suggestions were supported by Mr George Staple, her successor at the SFO.

The government consultation paper, which was eventually pub-lished earlier this month, contained few ideas which had not already been well-canvassed other than heavy fines for defendants and their barristers for failure to disclose their defence in detail at an early

With the Royal Commission on Criminal Justice not due to report until July, prospects for concrete reforms in 1993 look slim. This is bad news for those involved in the more than 24 serious fraud prosecutions awaiting trial or making their way through the courts.

As Mr Justice Henry says: "Without legislative changes, I do not believe that things will get better, in fact I am certain that they will get worse."

Business and the Law will next be

# Five years of Sunday trading



Last week, five years after it was first asked to rule on the the compatibility of UK Sunday trading laws with European Commu-European Commu-EUROPEAN nity law, the Euro-LAW pean Court of Justice finally gave an

unequivocal ruling. The Rome Treaty's prohibition of national legislation restricting the free movement of goods between Community countries does not apply to the 1950 Shops Act which bans retailers in England and Wales (though not in Scotland) from Sunday opening.

### History

In the mid-1980s retailers in England and Wales began opening on Sundays, arguing that the ban on Sunday trading in the 1950 Shops Act reduced imports from other EC countries and thus infringed Article 30 of the Rome Treaty.

In the 1989 Torfaen case the ECJ ruled that Article 30 "does not apply to national rules prohibiting retailers from opening their premises on Sunday where the restrictive effects on EC trade which may result therefrom do not exceed the effects intrinsic to rules of that kind".

That ruling left it to the national courts to determine as a question of fact whether the effects of those rules actually exceeded such intrinsic effects (a proportionality test). Following that judgment, however, different UK courts reached different conclusions on how to apply these principles to the Shops Act. In 1991 the ECJ held, without any

qualification, that Article 30 did not apply to national rules prohibiting the employment of staff on Sundays (Conforama case) or on Sundays after 12pm (Marchandise case), as the restrictive effects of such rules "did not appear to be excessive in relation to the aim pursued".

Three English courts referred further questions to the ECJ seeking further guidance on how to reconcile and apply the three rulings.

### Clarification

The ECJ has now clarified the position by extending its rulings in the the two 1991 cases to all national legislation prohibiting retailers from Sunday opening and by answering itself the question which in the Torfaen case it had left to the UK courts to decide, The first two parts of the Court's ings. First. Sunday trading rules were "measures of equivalent effect to quantitative restrictions" that could be caught by Article 30. While legislation enforcing Sunday closing was not intended to regulate the flow of goods, it may still have an adverse effect on the sales volume of certain shops which affect the sale of both domestic and imported products. But the Court said the marketing of imported products was not made more difficult than the marketing of domestic goods.

Second, the Court confirmed that national rules restricting the opening of shops on Sundays pursue an aim justified under EC law if they reflect "certain choices relating to particular national or regional socio-cultural characteristics".

However, EC states must make those choices in compliance with EC law and, in particular, the principle of proportionality. Provided therefore the restrictive effects of EC trade did not exceed the effects intrinsic to such rules, the prohibition in Article 30 would not apply.

The Court stressed that assessments as to proportionality "cannot be allowed to vary according to the findings of fact made by individual courts in particular cases". Appraising the proportionality of national rules which pursue a legitimate aim under EC law involved "weighing the national interest in attaining that aim against the Community interest in ensuring the free movement of goods". To verify that the restrictive effects do not exceed what is necessary to achieve that aim, it must be considered whether those effects are direct, indirect or purely speculative and whether those effects do not impede the marketing of imported products more than domestic products.

In the Conforama and Marchandise cases the Court had applied those considerations in holding that the restrictive effects on trade of national rules prohibiting the employment of workers on Sundays in certain retailing activities were not excessive in relation to the aim pursued. It followed, the Court said, that the same finding must be made with regard to national rules pro-

hibiting Sunday opening. Cases C-306/88, Rochdale Borough Council v Anders; C-304/90 Reading Borough Council v Payless DIY and others; C-169/91, Stoke-on-Trent and Norwich City Councils v B & Q, ECJ FC, December 16, 1992.

BRICK COURT CHAMBERS BRUSSELS

### Guinness finale in new year ing. The trial is expected to last six The important cases due to

start next year include: The final Guinness trial starting on January 11. Mr Thomas Ward, a US attorney and former non-executive director of Guinness, faces theft and false accounting charges relating to the 1986 take-

over of Distillers. Mr Anthony Dobson, Mr Michael Robinson and Mr Keith Woodward. directors of Homes Assured, will stand trial in January accused of defrauding company creditors.

Mr Asil Nadir, former chairman of Polly Peck International, goes on trial at the Old Bailey on March 8, charged with 16 counts of theft and false accounting. Mr John Turner, the company's group accountant, also faces charges of false accountmonths. Mr Frank Shannon, former

finance director of Nissan UK, and Mr Michael Hunt, the company's assistant managing director, will stand trial in March on corporation tax fraud charges. Mr Roger Levitt, head of the Lev-

itt group, whose trial on fraud charges is expected to start on September 14. Three other former Levitt executives also stand trial. Cases before the courts for which no trial dates have yet been fixed

• The Maxwell trial. Mr Kevin Maxwell and Mr Larry Trachtenberg, are accused of conspiracy to defraud and theft in connection with the collapse of Mr Robert

Maxwell's business empire. Mr Ian Maxwell and Mr Robert Bunn are accused of conspiracy to defraud. The case is still before magistrates and is not expected to start before

• Mr Nazmudin Virani, head of Control Securities, charged with conspiracy in connection with the investigation into the collapsed Bank of Credit and Commerce International. Two former officials of the bank also face charges. • Mr Terry Ramsden, former

chairman of Glen International, collapsed in 1987 with losses of £142m, is awaiting trial on 22 charges, including fraudulent

John Mason published on January 12



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Kathleen Kuhlmann, Yvonne Kenny and Stafford Dean in Covent Garden's new production

andel based three of his Italian operas Orlando furioso -Orlando, Ariodante and Alcina. For many Handelians they form the pinnacle of his operatic art. All three are works of intense erotic charge whose principals are lashed by tides and cross currents of sensual intrigue and emotional conflict; and all three are works in which the apparatus of magic

and the supernatural directly

carries that charge.
For all the supposed difficulties and antique formalities of the opera seria convention in which they are framed, all three can speak to us with as much directness and "modernity" as Mozart's Figuro or Così about the emotional frailties of human nature, the deceptions that people in love or lust can enact upon each other, the heights of ecstasy and depths of despair to which passion can lead. And all three operas are works of almost Opera/Max Loppert

# 'Alcina' without the magic

overwhelming musical abun-

For me Alcina is the supreme Handel masterpiece, the Desert Island Handel opera. The prospect of a new Covent Garden production - the first since Zeffirelli mounted the opera for Sutherland in 1962 - was therefore almost as enticing as the verdant meadows and bosky woods of Alcina's magic terrain and the enchantments she practises on her captive knights.

How, then, to convey temperately my disappointment at the duliness of Friday's opening performance? It was not a disaster, not one of those enraging "interventionist" misrepresentations by producer or designer. The principals parts were not inadequately taken:

the cast contains several of the day's prominent Handelians. The score was more fully and respectfully given than is often the case (although it is a pity that the boy Oberto should have been excised).

What it was, a lot of the time, was just plain, plumb boring: a musical plod, and a dramatic reduction of the spec-tacle — which should include dance sequences as well as elaborate scene changes - to virtually a concert in costume.

Handelians are a hardy breed. They know that the great operas, performed with rhythmic vivacity, alertness to textural colour and pointedness of melodic shaping, can "come across" in defiance of any number of infelicities in the staging. But equally, they

know that such irredeemably flabby musical direction as John Fisher offered on Friday - letting the life ebb out of moderate-paced arias, giving no "lift" to the allegros - is almost always the coup de grace to any hope of Handel

In a country where good

opera-as-drama.

Handel conductors abound, it is astonishing that someone so manifestly incapable of conveying the musical delights of Alcina should have been invited to conduct it at Covent Garden. The choice of production team - producer Stephen Wadsworth and designers Thomas P. Lynch and Dunya Ramicova - proves hardly more successful. Theirs is a poverty-ridden show, to the eye but even more to the imagina-

desiccated-looking tree, an urn. a blue sky at the back - the principals go through a set of polite motions. Occasionally the lighting changes; occasionally fancy little conceits of aria-production are essayed. Most of the time the design construction keeps the singers behind the proscenium arch: almost everything in the show seems geared to muting for-

wardness of vocal address. One's heart goes out to the singers: this is no way to help them shine. Ann Murray, currently Britain's leading female exponent of the great Handel castrato roles, comes nearest to doing so. Even if sometimes her mezzo timbre seems to lack a strong "personal" stamp, the

unflustered elegance and unforced distinction of her musical command compensate greatly. Her Alcina is Yvonne Kenny (the two were previously partnered in the Covent Garden Mitridate and ENO Xerxes). The failure of this wonderfully graceful soprano to sound the role's depths, to catch its glitter no less than its pathos, is the production's doing, in spite of this she offers much lovely singing.

Other fine performers who do themselves less than proper justice are Judith Howarth (an excessively pert Morgana), Anthony Rolfe Johnson (almost too weightily distinguished for the second-string role of Oronte) and Stafford Dean (Melisso); Kathleen Kuhlmann's Bradamante is on the right lines, and in fresh voice. So once again in modern times the Royal Opera has failed to honour fully its Handelian birthright.

In repertory until January 22 | traying women, in voice and

### American theatre/Paula Deitz

### A Christmas Carol

At his public readings in America, during his Christmas tour of 1867, Charles Dickens read Christmas Carol to sellout audiences (Longfellow heard him in Boston). By then Dickens was using the story as a sentimental warm-up for grimmer excerpts that followed. Knowing this makes all the more commendable a remarkable presentation on Broadway by the British actor Patrick Stewart, who is packing the house not with a reading but a performance of Christmas Carol.

A veteran of the Royal Shakespeare Company, Stewart has become an American pop hero as the starship captain (played like a Shakespearian king) in television's Star Trek: The Next Generation. But when he enters he is simply dressed in a nondescript brown suit, making no attempt to be like Dickens or even of the

He snatches up the redbound volume like a storyteller's trophy and begins with "Marley was dead" standing at a lectern. The only other props. all painted brown, are a high desk and stool, a Windsor chair and a table that also serves as a four-poster bed. No sooner has the listener's imagination soared to fogbound City courtvards than, in a flash, the actor is across the stage to Scrooge's counting-house.

This is when the magic begins. In a series of apparitions as life-like as Scrooge's Spirits, Stewart proceeds to portray, in voice and manner. all 40 characters in a sort of one-man Nicholas Nickleby. There is nothing easy in Scrooge's gradual transformation from "Bah! Humbug!" to a man frightened to the core by recognition of himself. Nor are there any minor characters, for each in turn gives weight to the whole.

Stewart has a facility for por-

gesture - the bustle of Mrs Cratchit at dinner or the capacious Mrs Fezziwig and her three daughters entering the ball. This event, a tour de force of whirling hands over hands and steps in stately formations, creates the dizzying effect of 20 couples.

With no sets, lighting designer, Fred Allen, expands and contracts space. By giving a sense of architecture to an empty stage, he uses light to convey cold city streets or country lanes and in an instant returns us the action to Scrooge's cramped upstairs bedroom. The Ghost of Christmas Present arrives offstage with a warm glow of blazing firelight first emanating from the adjoining room and then filling the stage as Scrooge appears to enter it. The image of this Spirit seated atop the table, torch held on high, indicates some indebtedness to the first-edition illustrations by John Leech, (This illustration along with Dickens' original 1843 manuscript of Christmas Carol are on view until January 10 at the Pierpont Morgan Library.)

It is hard to convince an audience when everyone knows what is coming, but at this reading an sigh of relief could be heard when the last Spirit dissolved into the bed-

More people than Ebenezer Scrooge are being transformed by this Christmas experience. Stewart returns to the lectern briefly to conclude the tale, before steping away again to rear stage to return slowly towards the audience, himself again, arms opened generously in a balletic gesture with a simple "And so, as Tiny Tim observed, Gold bless Us, Every One!" Instant standing ovation.

At the Broadhurst Theatre. New York until January 8

### 'Orfeo' lacks drama

Much of the background to the composition and first performances of Monteverdi's three surviving operatic masterpleces remains obscure almost four centuries later. The first of them, L'Orfeo, at least has the validation of a printed score, which appeared in Mantua in 1609, two years after the first performance, but even that definitive text leaves plenty of room for conjecture and dispute, and for interpret-ers to find their own solutions.

The latest to offer his own performing version is Philip Pickett, whose recording with the New London Consort has been released by L'Oiseau-Lyre (433 545-2, two CDs); on Friday in the Queen Elizabeth Hall he directed a concert performance with the same cast.

In the booklet accompanying his recording and the programme notes for the concert Pickett details the results of his research into the circumstances of the premiere of L'Orfeo. The musical content of the opera may not be disputed, but it is the forces involved and the instrumentation that intrigue him most, and his conclusions give a distinctive tang to the performance.

His solutions are generally minimalist ones: the chorus is reduced to a group of seven reinforced by the subsidiary members of the cast; there is as little instrumental doubling of the vocal lines as possible,

part in the continuo and string bands.

What is absent in this lean, potentially flexible approach is any consideration of the dramatic aspects of the work and how this intimate group of performers would have been deployed theatrically. In a work in which drama and music are so miraculously interwoven it seems a strange -omission. Even on disc. the playing and singing seem inert and precious. In concert the lack of dramatic spark was even more significant.

Something inescapably English coloured the whole performance, not just in the irredeemahly un italianate rendering of the text (for an object lesson in bringing Monteverdi's words to life, hear the new recording of Ulisse from René Jacobs) but in the sound world itself. Even such a fine singer as John Mark Ainsley seemed curiously inert as Orfeo, although Julia Gooding's Euridice and especially Tessa Bonner's Ninfa revealed more character. The assorted shepherds seemed to have been recruited straight out of King's College Chapel Choir. The passion that drives Monteverdi's vocal lines, that makes his operas the supreme achievements they are, had been

drained away. Andrew Clements. It was left to Ax, nevertheless,

### Concerts/David Murray

### Salonen and the Philharmonia

Esa-Pekka Salonen, one of the Philharmonia's two "principal guest conductors", took the orchestra through Beethoven, Schoenberg and Stravinsky; and on Friday, Liszt and Mahler. Hearing these exercises was a stark confirmation that there really are these days. honest musicians who have only the dimmest inklings about any music that might pre-date the Great War.

In Schoenberg's op. 42 piano concerto and in the Liszt A major, the soloist was Emanuel Ax, who knew very well what he was about. He played the Schoenberg from the printed score - which might explain a certain lack of spontaneous flair; but he unfolded the music with as much lyrical delicacy as confident purpose. It was pleasing to find that Schoenberg's language no longer causes any detectable dismay: the audience responded to the concerto, quite rightly, as if it were Rakhmaninov or Prokofiev.

Salonen provided ready hicid support, as he did as well for the pianist's elegant Liszt on Friday, but always with a flatter expressive profile than his soloist's - who was thereby flattered, standing out as the judicially eloquent voice.

Last Wednesday young to explore both the shadows and the poignant possibilities of both scores, which he did with loyal imagination.

Everything else was worse Left to himself with Beethoven's Seventh Symphony, Salonen rendered it almost ridiculous. The long, batedbreath introduction to the opening Vivace was taken up-tempo (to put it mildly!), like the famous Allegretto after it, and yet neither meant anything much. Although there are good musico-historical arguments for rejecting "timehonoured" portentousness in this music, there is no excuse for cantering heedlessly through it. Salonen maintained a strict,

the slightest account of old-fashioned harmonic nodes. nor of the dramatic tensions which radiate from them. The trio of the Scherzo arrived without any change of dramatic colour, and every movement culminated in an accelerando that sounded mechanical, propelled by no new musical insight. None of the instrumental voices could do much more than keep up with the rush (the Philharmonia players were visibly glum and recalcitrant). It was like hearing an efficient Mar-

tian visitor delivering a score

nuance-free beat that took not

that meant nothing to him. Stravinsky ought to fall safely within Salonen's range, but the Orpheus ballet is particularly tricky to bring off. It needs at once to pay audible homage to its 18th-century models, and to preserve an astringent 20th-century tautness; here, it sounded flaccid, uncommitted and under-rehearsed. After those disheartening Wednesday performances, one heard Mahler's Third Symphony on Friday with a jaundiced ear. Yes, the hrazen orchestral declamations rang out - but where were the raw, seismic upheavals in the first movement, the twinkling graces of the Menuetto, the comedy of the Scherzo?

With the arrival of Anne Sofie von Otter's golden mezzo the dark "Molto adagio" after Nietzche and the boys'-choirand-bells Allegro came into much sharper perspective. At the end, the Philharmonia strings distinguished themselves in the heart-wrenching Adagio. Mahler's daringly stretched symphony relies nevertheless upon its initial, hugely dramatic premises. With those reduced to such two-dimensional tameness, it was no wonder that the whole symphony seemed too episodic to cut any serious ice with a modern audience.

### German theatre/Jackie Wullschlager

### Robert Wilson's 'Faustus'

show. The Black Rider.

Robert Wilson, director, writer, painter, was the Texan little boy lost who turned European theatre upside down in the 1970s. Now, star entertainer of Paris, Berlin, Hamburg, his latest revivals are the controver-sial draws of this year's Paris Antumn Arts Festival

His newest piece, Dr Faustus Lights the Light, has all the ingredients needed to keep Wilson fans cheering: cold artifice; the play of light and dark; per fectly timed automatic movements: minimalist music: seminonsense text. But the aesthetic is so close to that of Wilson's early work, notably the 1976 Einstein on the Beach, that this Faustus looks like a parody, or an anachronism from Wilson's avant-garde days. Has Wilson developed at all in two

decades? Faustus was written as a libretto by Gertrude Stein in 1938 but never composed by anyone. Its story - Faust sells his soul for electric light - has natural appeal for Wilson, who sets it as a ballet of light bulbs and fluorescent strips interspersed with dances from Devil. A red one sways on a swing, a black one spurts up on a seesaw. Both are familiar Wilson types, with the pointed bodies, ashen faces and white hands of the Cabaret-inspired Devil/emcee from his last

Here too is the ice-hard, iagged imagery: close-cropped heads, razor-sharp dresses, bony bodies, a gigantic pair of scissors, each snip marked by shattering glass. Dancing is slick: splits, slits, high kicks. A leg juts out, three identical heads pop up like gargoyles. behind the curtain. Against a black sky, light forms into circles. A puppet is shot marching along a neon sign. Bulbs rise and descend like yo-yos. At last, a single strip of light shrinks further into the distance. Stage and cast are swal-

lowed in blackness.

but not enough. Wilson carries his chill, exaggerated aesthetic into actions and words, trying to tie his staging to the dire absurdity of Stein's text, written in relentless monosyllables. He enhances the monotony by using German actors who speak no English, who chant the lines flatly. Movements, jerky, automatic and stylised, echo speech. A cast of three Fausts and three Margaretes, acting in absolute unison as if worked by a puppeteer, underlines the absurdist repetition.

Dramatic, technically clever,

Stein's post-modern joke about the meaninglessness of words is impossible as "spoken opera" - dull as a boring play

about boredom. Like all Wilson's work, this show is a perfectly unified, choreographed vision. But the vacuous play makes devices that once

charmed look empty, worn out. There are glimmers of the heart that is missing. Faust's poodle is played by a cabaretgirl with a blond pigtail and grey suit who waddles on "hind" legs. She no longer bays at the moon because Faust has destroyed moonlight, so she pouts "thank you" endlessly between red painted lips. Hans Peter Kuhn's fairground music. on accordion and scratchy double bass, hints at the love, lyricism, painful loss which elude

the strait-jacketed performers. Wilson is still sadly obscure in England. Do not cross Europe for this Faust, but it is a collector's piece and another episode in Wilson's tortuous relationship with German theatre. The 1990 love-and-murder musical hit The Black Rider, still in repertory in Hamburg, was the summit of that achievement. Here is nothing but artifice; no emotion, no meaning. Wilson, like Faust,

Paris Autumn Arts Festival continues to Dec 29, "Dr Faustus Lights the Lights", Hebbel Theater, Berlin, Jan 18-24;

has lost his soul.



### **■ AMSTERDAM**

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Concertgebouw Tomorrow: Handel's Messiah. Thurs morning Fri afternoon: Riccardo Challly conducts Royal Concertgebouw Orchestra In Mahler's Das klagende Lied, with Charlotte Margiono, Jadwiga Rappe and Hans Peter Blochwitz. Sat: Bernard Haitink conducts Rotterdam Philharmonic Orchestra in Mahler's Seventh Symphony (6718 345). Sun afternoon at Beurs van Berlage: Daniel Wayenberg plays plano works by Schumann and Chopin (6270 466)

DANCE/OPERA Muziektheater Tonight Dutch National Bailet Stravinsky triple bill, including choreographies by Balanchine and Nijinska repeated tomorrow afternoon, Thurs evening, Fri and Sun afternoons, also next Mon and Wed evenings). Tomorrow evening, Satatternoon, next Tues evening: Hartmut Haenchen conducts Pierre Audi's staging of La

bohème, with Hei-Kyung Hong

and Martin Thompson. Krisztina de Chatel Dance Group gives performances Jan 2, 4, 5, 6. The next Netherlands Opera production is Birtwistle's Punch and Judy, opening Jan 9 (6255

■ BRUSSELS Palais des Beaux Arts 20.00 Viktor Liberman directs Belgian National Orchestra in a Mozart

programme. Dec 31: Ronald Zollman conducts world premiere of new work by Jacob Druckman, plus Beethoven's Ninth Symphony

(507 8200) Monnale 19.00 Die Zauberflöte with a cast including Elzbieta Szmytka and Laurence Dale. Repeated on Fri and Sun afternoons and next Tues evening

(219 6341) Théâtre National 20.15 Ravel's L'enfant et les sortilèges, production by Patrice Caurier and Mosne Leiser originally staged for Opéra de Lyon. Repeated tomorrow, Sat, next Tues, Wed, Thurs (217 0303)

■ MUNICH Prinzregententheater 20.00 Fabio Luisi conducts a Rossini concert featuring members of the Bayarian State Opera as soloists. Tomorrow, Sat, Sun and next Tues: Hansel and Gretel: Fri and Mon: Carmen. Dec 28 and 30 in. Cuvililés-Theater: Stravinsky's Soldier's Tale with Martha Modi (221316)

Gastelg 20.00 Bach Collegium

plays Vivaidi concertos. Tomorrow: Bach's Christmas Oratorio.

Fri, Sat, Sun, Dec 31: Budapest Operetta Theatre presents popular extracts from Viennese operettas.

Dec 30, 31: Peter Schneider conducts Munich Philharmonic Orchestra in Beethoven's Ninth Symphony (48098 614). Dec 31 in Olympiaparic Agnes Baltsa and José Carreras sing opera arias, duets and songs

(299901) Gärtnerplatztheater 19.00 Nutcracker, Tomorrow: Hansel and Gretel. Fri: Wagner's opera Die Feen. Sun and next Tues: Die

Next Mon: Der Freischütz (201 6767) A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store at Mariemplatz 11

### **■ PARIS** DANCE

Zauberflöte.

An Opera Ballet production of three Jerome Robbins works can be seen at Palais Garnier tomorrow, Sat, Sun and next Tues (4742 5371).

The company also presents the Bourmeister production of Swan Lake at the Bastille tonight. Thurs, next Mon and Thurs (4473 1300).

la Ville: Jean-Claude Galiotta and Groupe Emile Dubois (4274 22771. Dec 27-31 at Théâtre des

Daily till Dec 31 at Théâtre de

Champs-Elysées: Dance Theater of Harlem (4720 3637)

MUSIC Tomorrow at Salle Pleyel: Marek Janowski conducts concert performance of Hansel and Gretel, with a cast including Julie Kaufmann, Helga Dernesch, Nadine Secunde and Francois Le Roux (4230 2308).

Tomorrow, Sat and next Tues at Opéra Bastille: Sylvain Cambreling conducts Peter Sellars' production of Messiaen's Saint Francois d'Assise, with José van Dam (4001 1616). Tomorrow, Thurs, Fri at Théâtre des Champs-Elysées: Boys Choir and Orchestra of Harlem (4720

36371. The Châtelet has Hello Doily! dally till Jan 9, with matinee and evening performances on Sat and Sun (4028 2840). Opéra Comique has Louis

Varney's Les Mousquetaires au couvent, starring Gabriel Bacquier, daily except Mon and Thurs till Dec 31 (4286 8883). Peter Brook's Debussy adaptation, Impressions de Pelleas, resumes performances

at Théâtre des Bouffes du Nord next Tues, thereafter runs daily except Sun and Mon till Jan 23 (4607 3450) JAZZ/CABARET

Jazz Club Lionel Hampton French jazz musician Stefan Patry and his swing septet are in residence till Sun (closed on Thurs and Fri). Dec 28-Jan 9: Lionel Hampton and his Orchestra (Hotel Meridien Paris Etoile, 81 Boulevard

Gouvion St, tel. 4068 3042) A 24-hour recorded telephone guide to Paris entertainments

is available in English by dialling 4720 8898

### ■ WASHINGTON THEATRE

 The Secret Garden: the Broadway hit musical based on Frances Hodgson Burnett's enchanting novel. Opens tonight, daily except Mon till Jan 31. No performances on Dec 24, Jan and 20 (Kennedy Center Opera House, 202-467 4600)

Jesus Christ Superstar: the

Andrew Lloyd Webber/Tlm Rice rock musical. Till Jan 10 (Morris Mechanic Theater, 410-625 1400) Hamlet Tom Huice heads the cast in Shakespeare's play. Till Jan 10 (Shakespeare Theater at the Lansburgh, 202-393 2700) A Christmas Carol: a stage adaptation of Dickens' classic

 Washington Ballet production of The Nutcracker, directed by Mary Day, runs at Warner Theater till Dec 27 (202-432 SEAT), Jan 25-27 at Warner Theater: Twyla Tharp and Mikhall Baryshnikov (202-833 9800) Washington Opera's

Eisenhower Theater with a cast

opens on Boxing Day at

(202-467 4600)

tale. Till Jan 3 (Ford's Theater, 202-347 4833)

 The African Company: Carlyle Brown's play about a group of 19th century African American actors who put on their own version of Richard III in New York. In repertory with Blood Knot, Athol Fugard's first major success, Till March 28 (Arena Stage, 202-488 4377)

MUSIC/DANCE production of Don Pasquale led by Paolo Montarsolo (12 performances till Jan 30). Bizet's Pearl Fishers opens on Jan 2

 Tomorrow at Kennedy Center Concert Hall: Messiah sing-along with Paul Hill Chorale and several guest conductors. Sat: Alexander Schneider conducts New York String Orchestra. Sun: Gospel concert. Dec 31: New Year's Eve concert. Jan 7, 8, 9, 11, 14, 15, 16: Rostropovich conducts National Symphony Orchestra (202-467 4600) JAZZ/CABARET

Blues Alley Jazz Supperclub Tonight: Doug Cameron, jazz violin. Tomorrow: Paul Hawkins and La Jazz present A Night in Tunisia. Dec 26-31: Ahmad Jamai, piano. Jan 1-4: Mose Allison, piano/vocals (1073 Wisconsin Ave, in the alley, 202-337 4141)

### ZURICH MUSIC

Eliahu Inbal conducts Jonathan Miller's new production of Schreker's Die Gezeichneten tonight at the Opernhaus (also Dec 27, 30, Jan 1, 6, 13, 16, 31). Tomorrow: Die Zauberflöte. Dec 26 and 31: Die Fledermaus (262 0909). The Tonhalle's New Year's Eve concert is conducted by Karl Martin. (206 3434) THEATRE

The Schausplelhaus during the Christmas period has Botho Strauss' Kalldewey Farce, Shakespeare's A Midsummer Night's Dream and Roger Lille's Himmel auf Erden. No performances Christmas Eve and Christmas Day (265 5858)

Comedie, Geneva, Feb 2-5.

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0900-0830, 1900-1930 World Busi-

0830-0900 FT Business Weekly

Sky News 1130-1200, 1730-1800 FT Media Europe

SUNDAY 1030-1100, 1800-1830 World Business This Week

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### FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Tuesday December 22 1992

# Japan in the doldrums

budgetary process grinds into motion again this week, with the Ministry of Finance revealing its plans for the 1993 fiscal year, the same nagging doubts present themselves. Has the official machine really got the measure of the problems that afflict the economy? And can Japan adapt to the very different environment that it faces in the aftermath of the bub-

ble economy? While the growth forecast for the current year has finally been revised downwards from 3.5 per cent to 1.6 per cent, next year's budgetary arithmetic rests on the cheerily implausible assumption of a return to growth of 3.3 per cent. The Bank of Japan, meantime, has foolishly continued to resist calls for a further reduction in interest rates despite overwhelming evidence of increasing fragility in the banking system. With industry potentially facing

a fourth year of declining earnings and the personal sector throttled by debt, the prospect for growth is more than ever dependent on domestic budgetary stimulus or a boost from external demand. No doubt the battle over the 1992 supplementary budget, which was finally approved by the Diet on December 10th, will have to be fought all over again, with next July's G7 Tokyo summit providing

an obvious pressure point.

The unsustainability of the present policy mix is underlined by a current account surplus now well ahead of the level considered intolerable at the time of the Plaza accord that preceded the Japanese bubble. With Mr Clinton en route for the White House, Japan's historic penchant for exporting its way out of recession is even more politically controversial this time.

### Impetus for change

Yet it is possible to underestimate the impetus for change. One straw in the wind is the state of public opinion. The Japanese were prepared to tolerate corrupt relations between politicians, busi-nessmen and the criminal fraternity as long as the system delivered. But since the bursting of the bubble at the end of 1989 the disillusionment over the failure to translate high economic growth into a better quality of life

AS THE tortuous Japanese is reinforced by anger over stock market losses and an oppressive burden of debt. While the government of Mr Kiichi Miyazawa is committed to enhancing housing and infrastructure, its half-hearted measures have so far failed to convince.

As people have lost patience with the low ethical standards that characterise Japanese public life the much criticised system of one-party democracy has been forced to demonstrate a selfcorrective capacity - witness the shedding of prime ministers and party bosses, when the pressure from an angry press and public has become overwhelming. The break-up of the leading faction in the ruling Liberal Democratic Party also reflects a reformist tendency among the younger politicians in the party. There have, of course, been realignments and rumours of a break-up in the LDP before. All that can be said at this stage is that the climate for change is more propitious than at many points in the past.

### Perverse effects

The new assertiveness of the Japanese public may accelerate structural economic change in more perverse ways. Hostility towards the banks, after the excesses of the 1980s, has scuppered a government lifeboat for over-stretched banks. If the undercapitalised private sector lifeboat that is now being pressed into service proves less adequate for the task, economic recovery will be impeded. The longer recovery takes to emerge, the greater the pressure on industry to sacrifice hallowed employment practices, since fixed costs are too high after the investment binge of the 1980s. increasingly, top companies are talking openly about abandoning seniority pay in favour of merit

Similarly, the enforced departure of key members of the LDP's old guard could make striking a deal on rice market liberalisation much harder. A hostile US response could in these circumstances prove a catalyst for more rapid change. The longer it takes to pull out of recession, the greater the pressure for economic and political reform. The agenda looks more open for Japan than it

# Privatising **British Rail**

NOBODY EVER said railway privatisation was going to be easy. but did the government have to make it quite so hard? Five months after publishing a flimsy white paper that raised as many questions as it answered, the Department of Transport has still to provide the details necessary to convince a sceptical world that privatisation will actually work. The result has been a vacuum which opponents have been only too eager to fill.

The latest to join the chorus of disapproval is Sir Bob Reid, the chairman of British Rail, who has urged the government to adopt a more evolutionary approach to rail reform. Breaking up BR would make it harder to improve rail services in the UK, he said, and lead to the closure of branch lines. There would be problems in maintaining safety standards, and orders would dry up for UK rolling stock manufacturers. So-called network benefits such as through ticketing and the national time-

table would disappear.

Before writing privatisation off, however, it as well to consider the alternative. For under state ownership, desperately-needed investment is certain to continue to be denied by constraints on public spending, as Sir Bob himself acknowledged. At the same time management is stultified by government controls and the lack of a profit motive. More of the same is the no-hope solution.

### Railway renaissance

If Britain is to see a railway renaissance – and growing demands for more and better transport suggest that it needs one - privatisation offers the best hope of providing it. The only question is what form it should take. Since a sell-off is ruled out by the fact that most of the passenger railway loses money, the government has had to find another way of introducing private sector skills and capital into the industry.

In reality, privatisation is too strong a word for what is proposed. Only the freight operations are to be sold outright. On the passenger side, the private sector is being asked to bid for franchises to operate British Rail's trains, with the contracts going to the companies requiring the lowest subsidies. The infrastructure will remain in state ownership, with train operators being charged for the use of the tracks. It should not be impossible to preserve network benefits within such a setup.

### Flexible approach

This approach is almost infinitely flexible, exactly the sort of evolutionary approach which Sir Bob commends. On the passenger side, the government may franchise one train service, half a dozen, or the lot over the next 10 years, depending on what rate of progress seems sensible. It may vary the terms of the franchises from one line to another in recognition of their different attributes Open access, for example, may be appropriate on main trunk routes. but impractical on congested commuter lines. It may make sense to let operators of little-used branch lines rent the tracks as well as the trains rather than cripple them with track charges. And some services may need to be franchised for decades at a time if that is what it takes to persuade the private sector to invest in them.

This is not to say that privatisation will be painless. The transparency that will result from the introduction of track charges could bring home some uncomfortable truths about the real costs of the more heavily loss-making freight and passenger services. But if the result is to prompt a debate about what price society is prepared to pay to see people and goods transported by rail rather than road, it should be welcomed.

As for the rest of the objections, most stem more from fear of change than from any genuine weaknesses in the government's proposals. Separating track infrastructure from the provision of services is the way of the future in Europe: Sweden has already successfully implemented it. Germany is doing so as part of its own rail privatisation plans, and the concept lies at the heart of EC rail transport policy. Significantly, few if any of the objectors to Britain's plans have been able to

suggest an alternative. The government bungled the launch of its railway plans, but the proposed structure itself is sound. All that is needed is a clear demonstration of the government's will to make it work. It will then be up to BR's senior manage ment to deliver or step aside.

cross central and eastern Europe, armed forces are being remodelled or created anew. in place of a monolithic system, a new military map is in the making, fragmented, unstructured and disparate.

Since the winding-up last year of the Warsaw Pact and then the Soviet Union itself, a pattern of new regional powers and spheres of influence has begun to emerge. In its closing months, after the loss of East Germany in 1989, the Warsaw Pact had six members. In the new year, when the Czech and Slovak republics split, the six will have become 21 countries, all either possessing their own armies, or forming them, or planning to form them, with differing degrees of civilian control and varying levels of clarity about doctrines or aims.

Old grievances and suspicions are returning in a region where borders affecting large swathes of territory and ethnic groups have change within living memory. Nationalism is resurgent. Tensions and clashes of interest are inevitable. The Stockholm International Peace Research Institute (SIPRI) counts some 30 current territorial disputes in the Caucasus region alone, arising from frontier changes in the 1920s, 1930s and 1950s.

On the fringes of the former Soviet Union, war has already struck Georgia, Moldova, Armenia, Azerbaijan and Tajikistan. The conflicts in the former Yugoslavia have revealed the inability of present European security structures and mechanisms to tackle crises of this

Military authorities in central and eastern Europe all now profess democratic principles, but they are largely survivors from the old system. For 36 years their armies acted as an extension of the Soviet command, with standardised military doctrines and equipment. Today's reform-oriented general staff officers come from a background of allegiance to the party and to the dominant ally.

Reform of army structures is going on while remnants of a Soviet troop presence remain in Germany and Poland as well as various former Soviet republics, and while part of Moscow's long-range nuclear arsenal lies stranded in three republics outside Russia.

Military spending among Moscow's former allies has been dropping for several years, although according to SIPRI the process slowed down in 1991. Throughout the region cuts have begun under the Conventional Armed Forces in Europe (CFE) treaty, which demands the destruction of large numbers of heavy weapons, aircraft and helicopters. But the treaty, agreed between the Warsaw Pact and the Nato nations two years ago. was designed to balance two blocs, not to secure stability within either group of countries.

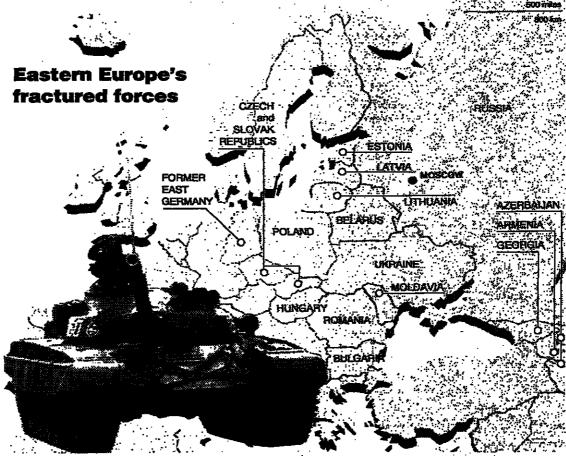
There are enormous disparities. Belarus, finding itself unexpectedly independent currently has twice as many tanks as Britain, more big guns than France, more combat air-

In Ukraine, there are reckoned to

be about 700,000 troops, including forces withdrawn by Moscow from Germany. Hungary and Czechoslovakia. Under agreed manpower ceilings, these are due to be reduced to 450,000 in 1995. The official aim is a strength of 250,000 - roughly equivalent to the UK's - at the end of the decade. Most have signed oaths of allegiance to Ukraine. Experts say some 10,000 officers have refused and are due to leave. But there may be up to 200,000 Ukrai-

The fragmentation of Warsaw Pact countries is creating an unstable division of military might, says **David White** 

# The empire splits up



nian officers currently serving in other republics and eligible to return.

Ukraine now has more tanks, armoured vehicles and combat aircraft than any other country in Europe after Russia. Even under the CFE cuts its entitlements for tanks and armoured vehicles are Europe's third largest, and for artillery and aircraft the second largest, dwarfing those of its neighbours to With seven national borders and

a Black Sea coast, Ukraine holds a pivotal position in the region. The greatest source of international concern is its ambiguity over the nuclear weapons on its soil: 176 SS-19 and SS-24 intercontinental ballistic missiles and two bases with nuclear-armed Bear and Blackjack bombers. The country's leaders have promised to become non-nuclear by the end of 1994. But treaty with the US on reducing strategic arsenals, as Russia and Kazakhstan have. Unlike Belarus it has refused to accept full Russian control over the weapons.

In the spring, it stalled over the transfer of short-range nuclear arms for destruction in Russia. Its aim now appears to be to win the financial assistance it failed to obtain then. The US has already offered it \$175m to help dismantle the strategic arsenal and store the materials, on condition that Kiev joins the

Nuclear Non-proliferation Treaty. "It is largely a bargaining chip but we can't be sure," says Dr Mark Smith, who heads research on the

former Soviet Union at the Royal United Services Institute in London. Ukraine does not have operational control over the weapons, nor the command system it would require. But experts believe it could overcome these hurdles. Under the Soviet system, the most advanced ages of nuclear weapon production were kept in Russia, but Ukraine could undoubtedly develop

an indigenous capability.

ato officials are worried that President Leonid Kravchuk may be attracted to the idea of a place in the family of nuclear-weapon states. Some parliamentarians have spoken of the desirability of a small nuclear

"Why should they give it away, if they distrust the Russians?" asks Mr Henry Plater-Zyberk, a military expert at the University of Surrey. Uncertainty also surrounds the

future of the former Soviet Black Sea fleet. Agreement was reached in August on a temporary joint Russian-Ukrainian command, putting off the division of the fleet for three years. But there have been hints that Ukraine may want to extend its naval presence beyond its coastal waters and possibly into the Medi-

The European countries that have emerged from Moscow's domination have all, except for Belarus, clearly turned their backs to Russia. Since the Warsaw Pact's demise in April, 1991, a queue of potential applicants has built up at Nato's door.

However, officials at the organisation's headquarters in Brussels complain that the central and eastern European countries have "exaggerated expectations of what Nato can do". The North Atlantic Co-operation Council, set up by Nato as a forum for these countries. also embraces the former Soviet Union's central Asian republics. with which they have few interests in common and which still have ties with Russia.

Nato, created for stability in Europe, has yet to work out what its function is in that part of the continent which used to be in Cheney, the outgoing US defence secretary, recently issued a personal warning to Nato colleagues: "An organisation devoted to security that does not address these concerns is not going to survive long-term." Nato should ultimately agree to admit "at least some of these nations", he said.

But Nato allies are reluctant to provide security guarantees over territory reaching to the borders of the former Soviet Union. They are also anxious not to sideline Russia.

In the Baltics, Nato has been trying to dampen fears about Russian aggression and about the concentration of Russian forces in the Kaliningrad enclave between Lithuania and Poland. This area contains as many as 400,000 troops, officials say, including units being withdrawn from Germany and the independent Baltic republics. Lithuania, Latvia and Estonia are creating new armies - still tiny with hardly any equipment. They are the only three countries building up their military from scratch.

Elsewhere the greatest advances in ideas for reform and restructuring have been made in Poland, Hungary and Czechoslovakia, the members of the Visegrad group formed last year. All want to redeploy forces concentrated near their western borders. But in the case of air forces this means building new air-fields. The problem is at its most acute in the division now being undertaken between Czech and Slovak forces. Military strength, including air defence, has been con-centrated in western Bohemia, although the defence industry is mostly in Slovakia.

quipment in these countries lagged behind that of Soviet forces. But modernising is difficult. with Nato not yet ready to supply arms and traditional suppliers demanding payment in hard

Hungary, which has had fighters on alert since a cluster bomb fell on a border village in October last year in a spillover from the fighting in former Yugoslavia, has obtained aircraft identification equipment from the US, the first such supplies to a former Warsaw Pact country. It is also getting spares from the former East German army and recently agreed to take \$800m worth of equipment from Russia as part of debt repayments.

Most of the members of the Commonwealth of Independent States the fragile grouping of former Soviet republics other than the Baltics and Georgia - have founded their own national forces; Tajikistan plans to; Turkmenistan is the only one planning to share command with Russia.

But if these countries want professional, western-style forces, how are they going to afford them? Their ministries frequently cannot even afford the fares to take part in seminars with Nato members.

implementing the CFE cuts is an awesome problem for all central and eastern European countries. Cutting up tanks is expensive and environmentally hazardous. It is unclear how Russia and Ukraine, in particular, will face up to the force reductions required, with largescale military unemployment adding to the effects of economic upheaval.

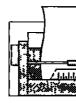
The deterioration of morale and discipline in the Russian military is already notorious. Officers are disoriented, some bitterly resentful of the way arms control has been handied. Most of the Russian forces are now regarded by Nato as being in

Cuts promised for the end of the decade include a 45 per cent reduction in current troop numbers. But even then, Russia will still have an army of 1.5m, backed by 3,000 long-range nuclear weapons, the accoutrements of a superpower. When a Nato military official declares that "none of us is afraid of the Russians any more", he is speaking for stable, secure western Europe and not for the countries that have emerged from the War-

### PERSONAL VIEW

# Tax the speculators

### By James Tobin



Since the break-1973, exchange rates among leading national currencies have fluctuated, often violently. Much of their vola-

tility reflects short-term speculation, distorting signals the markets give for trade and long-range investment. Most experts agree that the ups and downs have greatly exceeded variations in rational estimates of currencies' fundamental values.

The travails of the world economy since 1973 inspire nostalgic longings for Bretton Woods, or even for a single world currency. Other pro-posals would keep the floating rate regime while setting limits on fluc-tuations and formalising the responsibilities of nations to keep exchange rates within agreed bands. In Europe, the recent trou-bles of the exchange rate mecha-nism have dramatised such issues.

Here I shall argue for a different proposal, which I first advanced in 1978. An international uniform tax should be levied on spot transactions in foreign exchange (including deliveries on futures contracts and options). The proposal has two basic motivations. One is to increase the weight that market participants give to long-range fundamentals rel-ative to immediate speculative opportunities. The second is to allow greater autonomy to national monetary policies, by making possi-ble greater differences between short-term interest rates in different

At the time, I anticipated that the proposed tax would be superimposed on a regime of market-determined exchange rates with minimal official interventions. But the tax could also be helpful to systems

involving interventions, from agreements on target bands to full restoration of Bretton Woods. It could also be useful as an adjunct to the ERM.

My proposal is a realistic, second-best option. A common currency works to great advantage when sustained by common institutions: free movements of goods, peo-ple, and financial capital; laws, courts, taxes, regulations, and customs; a uniform system of social security and other entitlements; assistance to regions and individuals suffering economic reverses. But common currency is not viable without those institutions; even in Europe it may take a decade or two. Fixed rates of exchange amon

national currencies, which central banks are committed to maintain by market interventions, are by no means an approximation of a single international currency. As long as parity changes are possible - and often they are inevitable - private agents will speculate on such changes. In this respect, a system of adjustable pegs of national curren-cies – for example, pegs to dollars or to gold – differs very little from a floating rate regime. The only dif-ference is that adjustments of pegs occur in discrete and traumatic jumps. Anyone who believes that the shocks to the world economy since 1973 would have been less dis turbing under a regime of adjustable pegs has a short memory.

Although a true worldwide common currency is decades premature, vast private funds are prepared to arbitrage away differences in national interest rates and to speculate on movements of exchange rates. My transactions tax is designed to make international money markets compatible with modest national autonomy in mone-

tary and macro-economic policy. A 1/2 per cent tax on currency transactions is equivalent to a 4 per-centage point difference in annual interest rates on three-month bills, a considerable deterrent to those contemplating a quick round trip to another currency. The intent is to slow down speculative capital movements; it would be too small to deter commodity trade or serious international capital commitments.

In 1936, Keynes pointed out that a transactions tax could strengthen the weight of long-range fundamen tals in stock market pricing, as against speculators' guesses of the short-rage behaviours of other speculators. The same is true for the foreign exchange markets. Vast resources of intelligence and enterprise are wasted in financial speculation, essentially in playing zero sum games. A transaction tax might reallocate some of the resources. To the extent that it does not, it would at least produce needed government revenues with-out bad side-effects. It is estimated that more than \$1,000bn in gross foreign exchange transactions occur

every business day.

It is obviously necessary to have an international agreement on the tax. My suggestion is that the proceeds go to the World Bank, but other dispositions, including less altrulatic once. altruistic ones, could be considered.

While the proposed tax would give national macro-economic authorities somewhat greater autonomy, it would certainly not permit them to ignore the international repercussions of their poli-cies. The leading economies would still need to co-ordinate policies. In: particular, they must agree a general level of world interest rates. while allowing for differences among countries appropriate to their national chromstances.
The author is Sterling professorenterities of economics at Vale Uni-

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress. His life was characterised by original and radical

thinking coupled with a search for new subjects and orthodoxies to challenge.

In his memory a prize has been established to provide an annual study/travel grant to enable the recipient to take a career break to explore a theme in the fields of industrial policy, third world development or the environment.

The theme for the 1993 prize, worth not less than £2,000, is: WHAT ARE THE LIMITS TO PRIVATISATION?

Applicants, aged 21-30, of any nationality and not in full time education, should submit 500 words in English on this subject, together with a brief c.v. and a proposal outlining how the award would be used to explore this theme further. The award winner will be required to write an essay 1500 to 2000 words in length. at the end of the study period. The essay will beconsidered for publication in the Financial Times.

CLOSING DATE JANUARY 8 1993

APPLICATIONS TO: ROBIN PAULEY, DEPUTY MANAGING EDITOR THE FINANCIAL TIMES (Dept FT)
NUMBER ONE SOUTHWARK BRIDGE LONDON SEI-9HL

The state of the s

A new generation of entrepreneurs is hoping to profit from the depressed UK property industry, writes Vanessa Houlder

ne by one, the stars of the UK property industry have fallen to earth, leaving a trail of lost fortunes in their wake. Godfrey Bradman of Rosehaugh, and the Reichmann brothers of Canary Wharf, are just a few of the

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> long list of casualties.
> But as the dust begins to settle, attention is turning to the entrepreneurs who turn the devastation in the industry to their advantage. This is no easy task: in a rising market, anyone can look clever, in a falling market, few succeed.

After every serious downturn, the property tycoon has been declared extinct - only to reappear some years later. For the property business is capitalism in the raw: it allows people the chance to make - and lose - fortunes, far more rapidly than most manufacturing or service businesses.

The main ingredients of success are good contacts and negotiating skills. For this reason, many property entrepre-neurs begin their careers as estate agents or chartered sur-

Nick Leslau, a surveyor, is one of the new breed. Since joining Burford Holdings, a newly formed property com-pany in 1983, when he was just 23, he has acquired a reputation in the City as an astute dealer. He sold at the top of the market and has bought at distressed prices over the past 18 months. Sales included Henrietta House in the West End in mid-1990; acquisitions have concentrated on small office and properties outside London.

Another surveyor who has ridden the ups and downs of the market with some skill is Michael Goldhill, 43. He worked as an estate agent until 1983 when he set up a property investment company. He sold it six years later at the peak of the market, and started again with a vehicle called Hemingway Properties, a fledgling investment company.

Solicitors can also cross the professional divide. Among the laywers-turned-entrepreneurs are Peter and Michael Freeman, two brothers who head Argent Estates, a private company with gross assets of 2170m. After qualifying at D J Freeman, the family law firm, their first foray into the prop-erty world was in 1981 when they built an office building in Southampton with the help of £100,000 of family money.

in the Albany in Piccadilly, a prestigious London address, and claims its corporate objective is to become "one of the largest and best-respected property companies in the country by 2000".

These investors are vulnera-

A CONTRACTOR OF THE COORS Micheel Freeman Argent Estates

ble to the charge that they this avenue has been largely have moved too early. Many critics think commercial property values will continue to fall for at least another year. By. contrast, most buyers are con-vinced they are setting an his-toric opportunity. Property they say, is cheap compared with its historical cost.

"The market is turning. It is a marvellous time to set up a business," says Martin Barber, the 48-year-old chairman of

closed by the glut of property on the market.

Second, even in the invest-

Nick Lesiau Burford Holdings

ment market, investors complain that it is surprisingly dif-ficult to find good-quality buildings at knock-down prices, despite the large numbers of property owners who need to sell to lighten their debt burdens. "It is almost inconceivable there are not the 48-year-old chairman of some cracking bargains out Capital & Regional, another there – but we haven't found

### When entrepreneurs have been successful at attracting capital, personal contacts have been all-important

small property company which returned to the market in 1991, after selling much of its property in 1988. "The last three months of 1992 and the next six months of 1992 will be a window of opportunity." But even those who believe

property values are attractive admit that the odds are stacked against the newcomer. First, opportunities are hard to come by, both in the development and investment markets. In development, newcomtor could then be brought in

ers have often started by assembling the site, obtaining planning permission and finding a tenant An outside investigation. while the developer could retain some of the equity. But

them yet," says Leslau. Another problem for a new property company without a strong asset base or a distinguished record is the difficult

of attracting finance.

'Mr Goldhill's first company started out with the help of £1m from "a dozen avuncular shareholders". It would be harder to find venture capital today, he says. "People in all sorts of business have lost a lot of wealth in recent years. They are more concerned with pres-

capital recently, personal con-tacts have tended to be all-important. Hemingway attracted

### Real nature of council tendering

dilemma

institutions that backed Gol-

dhill's previous property com-

pany, including Courtaulds

Pension Fund and Clerical

Medical & General. Argent

Estates got an injection of

£20m from US investors 18

months ago as the result of an

introduction from an invest-

ment banker who lived next

Best placed of all are those

investors who have substantial

capital of their own. Among

them is Jack Walker, patron of Blackburn Rovers football club

and a former steel magnate,

who has invested heavily this

year in commercial property.

The Tchenguiz family, entre-

preneurs who moved from Iran to the UK after the fall of the

Shah, has also invested sub-

stantial sums by buying prop-

erties such as Sea Containers

The few established property

men who emerged well from the 1980s are also potentially

large deal-makers. Examples include John and Peter Beck-

with, two Old Harrovians who

received £40m each when they sold London & Edinburgh

Trust, their development com-

pany, for £491m in April 1990.

is gambling on a market upturn is John Ritblat, a rare

example of an entrepreneurial

chairman of a large quoted

company. He runs British

Land, which recovered from

near-collapse in 1974 to become

one of the largest and most

daring property investment

He shares a common charac-

teristic of developers - the

ability to put reserves of opti-mism, audacity and resilience

into a well-timed comeback.

Witness Ronald Lyons, a prop-

erty veteran who presided over

company failures in 1974 and

again in 1983. This year, he has

been discussing deals in east-ern Germany with Godfrey

Bradman, newly departed from

Not even personal bank-

ruptcy need be a lasting deter-

rent. William Stern, the most

spectacular casualty of the 1974 crash, who accumulated

debts of £104m, had his bank-

ruptcy suspended and was

Such comebacks did not hap-

pen overnight, Mustrating the

protracted nature of the recov-

been steeper and the recovery

is likely to be even slower. The

entrepreneurs who are trying to buy at the bottom of the

market could have an uncomfortable few years before their

courage is vindicated.

ery from the 1970s crash. This time round, the decline has

back in the market by 1988.

One established figure who

House near Blackfriars.

door to Peter Freeman.

From Mr Tom Flanagan Sir, Could I help to clarify the uncertainty surround employee rights on council tendering ("Disputes over employees' terms threaten council tendering plans". December 16)? Contracts of employment must be preserved by a successful tenderer if the EC Acquired Rights Directive or the Transfer of Undertakings

Regulations apply. To date, the main preoccupation has been with the regulations' requirement that the entity must be "in the nature of a commercial venture". This requirement is not in the directive and is becoming irrelevant.

However, for either the directive or the regulations to apply, there must still be an actual transfer of an existing economic entity.

This is a question of fact in every case, involving an analysis of what, if anything, is being transferred. There is no ideal checklist. The government's insistence

that the regulations do not apply to competitive tenders "as a general rule" is just another way of saying that most contracting out does not involve a transfer of anything. This is usually correct. Therefore, neither the regulations not the directive should apply. Nevertheless, the European Court of Justice is applying the directive when it can and it is impossible to say that it will not apply it to more contract-

ing out situations. I can understand the local authorities' dilemma and can suggest that if they can show that they have made a reasoned decision that the regulations do not apply, because there is no "transfer" at all, then any resulting redundancy payments should not be ultra

Tom Flanagan, partner, head of employment Booth & Co. Sovereign House,

Leeds LSI 1HQ

# Fax 071 873 5938. Letters transmitted should be clearly ryped and not hand written. Please set fax for finest resolution Easing of Heathrow

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

# access may lead to air services pact

From Mr Stephen M Wolf. Sir, Your editorial concerning the proposed British Airways investment in USAlr ("Deal in the air", December 18) is right on the mark. It would be a sad day for international aviation if the US and UK miss this opportunity to break the log-jam on negotia-tions toward a liberalised agreement on air services.

You have correctly identified the Heathrow access restrictions for US air carriers as the

primary obstacle to progress. We agree that if the UK government is willing to eliminate this barrier, the deal can indeed "be the trigger" for a liberalisation of transatlantic air services from which all would benefit. Stephen M Wolf,

chairman and chief executive officer, United Airlines Inc, Chicago,

# Illinois 60666 Offshore oil and gas industry

From J V Parziale.

Sir, In the debate on energy policy, the welter of detail on generating costs and similar matters has been the principal topic so far in the select committee and the media. Some larger issues are in danger of being obscured. These have a big bearing on Britain's offshore oil and gas producing industry, the enormous investments it represents and the employment it provides both offshore and onshore.

This industry is a large con-tributor to the UK economy, not only in balance of payments and tax revenue generation, but at the pragmatic level of industrial activity, development of new technology and jobs. All available figures, including the Department of Trade and Industry's, estimate that more than 3,000 companies throughout the UK benefit from offshore work. About 300,000 jobs onshore depend on this work, quite apart from the 30,000 who are regularly employed offshore. The capital spending programmes of oil and gas companies have for some years amounted to about one quarter of total UK indus-

But it is an industry that depends heavily on confidence in the future. Offshore projects are planned with up to 25-year lives and undertaking exploration and subsequent produc-

trial investment.

confidence endangered tion is a high risk business in which large sums are invested on the basis of sparse information. The industry's confidence in future political, fiscal and market policies is critical to planning its activities, particularly when - as at pres high operating costs in UK waters provide unfavourable economic comparisons with other international opportuni-

ties for investment. Continuing development of Britain's gas reserves, and the investment and jobs that go with it, requires a consistent approach on the part of government and stable policies towards its momentum and growth. We believe there are sufficient reserves of UK gas to satisfy the nation's needs well into the next century.

These future opportunities will be put at risk if gas is regarded casually and mistakenly as a distant resource, always on tap, to be turned on or off by the short-term arguments of expediency. Continuity of offshore exploration and development will only occur in a climate of industry confidence in rational economic and political decision-making. It is this climate of confidence that may now be endangered. J V Parziale,

UK Offshore Operators 3 Hans Crescent, London SW1

### Story of the east still to be told

From Mr Ross MacDiarmid, Sir, Samuel Brittan should be wary of lauding the "four tigers" - South Korea, Taiwan, Hong Kong and Singapore - too highly (Economic Viewpoint, December 17). I have recently worked in Taiwan for 18 months and government statistics from this part of the world are highly suspect. For example inflation in Taiwan was recently thought to be too high, so the index was changed and inflation was thus reduced - problem solved?

New technology is the motor of gross domestic product and in these economies - which are still at the "catch-up" state with the west - it is relatively easy to grow by importing for eign technology to a low-cost workforce. The hard part is developing new technologies beyond the bounds of existing foreign expertise and so far the omens are not good. Entrepreneurs are showing relatively little interest in new technological investment at home, pre ferring instead to shift low technology production to main-land China, Malaysia, Vietnam, etc. This has created a crisis in the form of huge capital outflows. The full story of the four tigers remains to be told. Ross MacDiarmid, barrister-at-law,

150 South End Avenue, New York, NT 10280, US

### Looked at from another angle

From Ms Mary Berg. Sir, I do not know how many of the other 80 women members of the Society of Business Economists share my view that "women" is not "the most pleasurable" way of losing their reputations (Observer: "Assumption", December 21). However, I think we would all agree that forecasting is the surest, especially forecasting exchange rates. Or is that included in gambling? Mary Berg, 36 Great Percy Street, London WC1X 9QR

### FINANCIAL TIMES CONFERENCES

# **EUROPE -THE WAY FORWARD**

### Paris, 10 & 11 February 1993

This conference takes place at a vital moment in the European Community's development, in the aftermath of the monetary crisis and just after the January 1993 deadline for the opening of the single market. This is a timely opportunity for economic and business leaders to address the whole series of relatively new questions over Europe's future.

Speakers taking part include:

Mr Pierre Bérégovoy Prime Minister of France

Mr Jacques Attali European Bank for Reconstruction and Development

Mr Edmond Alphandery Economist & Member of the French Parliment

Mr François Périgot Conseil National du Patronat Français (CNPF)

Mr Arthur Dunkel\* **GATT** 

Dr Tyll Necker

\* subject to confirmation

Federation of German Industries (BDI)

Mr Dominique Strauss-Kahn Minister for Industry and

Mr Henning Christophersen

Commission of the European

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# **OBSERVER**

### Where power disrupts . . .

These are trying times for west Berliners whose mains-powered electric clocks have been running haywire, losing up to 12 minutes a week.

After many a ticking-off from irate customers, the city's power company, Bewag, has at last identified the fault. Aiming to cushion west Berlin's previously independent system at peak times, the company decided to import power from the east European network. It now transpires that

Russian generating stations often diverge from the standard frequency of 50 cycles a second, with the result that clocks and such things as they govern in the old Comecon area have been inaccurate for the past 40 years and have to be adjusted weekly - if not

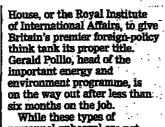
True, that may not have mattered to managers less worried about their workers' time-keeping than about whether they would turn up

It would seem that the Russians must have used quartz timers for their space launches. But alas, Bewag has no similarly sophisticated way of satisfying its customers' complaints.

Although charging the highest rates for electricity in Germany, it insists that wayward clocks are a small price to pay for increased power reserves until it can get round to rectifying the problem sometime in the middle of next year.

### **Energy loss**

Reports are filtering through of a small contretemps in the normally peaceful senior common room of Chatham



While these types of personnel upheaval are not uncommon in big business, or US banking where Pollio comes from, they are highly musual in such an egghead ambience.

Under Pollio's predecessor Jonathan Stern the institute made quite a name for itself in the energy and environment game. Its programme has twice as many corporate sponsors as any other. Hence a certain embarrassment at the programme chief's departure. Chatham House high

command is keeping mum. But one suggestion is that Polico had had some difficulty making the transition from commerce to academe. If so, corporate sponsors might sympathise with him.

### Hard cheese

■ A most un-Swiss row is boiling up between the olympian Union Bank of Switzerland and its largest shareholder, BK Vision, an investment trust formed last year by Martin Ebner's maverick Zurich securities house, BZ Bank.

UBS threw down the gauntlet at the weekend by announcing that its board would not renominate to its ranks Christoph Blocher, the feisty right wing industrialist-politician who led the triumphant campaign last month against Switzerland joining the European Economic Area. Blocher's sin, the bank

hastened to clarify, was not

silencing of UBS chief

his opposition to the REA. His



I can't wait for the green shoots of recovery

executive Robert Studer at a public meeting during the EEA referendum campaign was also irrelevant.

It was his alleged advocacy

of government regulation of mortgage interest rates and of bringing the Swiss central bank under parliamentary control that rankled the bosses at the country's largest bank. What is the connection between Blocher and BK Vision? None directly, but Blocher and Ebner are known to be close business associates. And Ebner, with nearly 4 per cent of UBS voting stock

behind him, likes to talk about shareholder rights and the importance of having dissent on company boards. Blocher has kindly prepared the ground for his friend. "I am not prepared to stand down voluntarily," he says defiantly.

### Return visitor

■ News that the Courtaulds Textiles pension scheme was handing back part of its huge surplus should come as no surprise to professional pension fund watchers. In an industry which

worships the average, Courtaulds in-house pension fund has always been the odd man out. It has prospered by not following the herd. John Evans, the current manager, has never been to

a National Association of Pension Funds annual conference, and as he's now 58, he has no intention of starting now. His name does not appear

in City directories and he is not as well known as his two predecessors, Alastair Ross Goobey, who is about to run PosTel, and Matthew Oakeshott, who left to set up Olim. his own money management firm.

However, Evans has been around longer than both of them. He first managed Courtaulds pension money in the mid-1970s before joining Oliver Marriott - author of The Property Boom - in the property business. He returned

Evans plays down the difficulties in-house pension schemes have in paying enough to recruit the best investment managers. His team can concentrate on investing and doesn't have to waste time trying to win new clients. But more important are his

pension fund trustees whom he describes as "challenging and sympathetic". Whereas outside managers are ruled by quarterly valuations, Evans is able to take a longer term and often contrarian view. He has made money investing in unfashionable parts of the property market when others lost their shirts. "You have to earn this privilege, but once earned, it can become a virtuous circle," he says.

### Clark can't

■ What kind of bird does Superman have for Christmas?



Giving construction a good name

# FINANCIAL TIMES

Tuesday December 22 1992



Early returns show Milosevic heading towards victory

# Panic alleges widespread fraud in Serbian presidential elections

MR MILAN PANIC, the Yugoslav prime minister, yesterday alleged widespread fraud in Sunday's Serbian presidential elections as early returns indicated that the incumbent, Mr Slobodan Milosevic, and his nationalists were headed towards victory.

Unofficial and partial results showed that Mr Milosevic had received 56 per cent compared with Mr Panic's 33 per cent with about 10 per cent of the vote counted.

Mr Ivica Dacic, spokesman for Mr Milosevic's Socialist party, said: "We are confident that Milosevic is convincingly ahead of Panic and that he will win in the first round."

Mr Panic's office claimed, on the basis of exit polls, that the Yugoslav-born California businessman was still ahead of Mr Milosevic, But Serbia's Socialists and the allied ultranationalist Serbian Radical party appeared to be leading the poll for the Serbian and federal parliaments.

The Socialists last night even claimed Mr Milosevic had defeated Mr Panic in Belgrade, the Serbian and federal capital, an opposition stronghold.

Mr Panic said he would seek an annulment of Sunday's ballot and demand a rerun within 90 days. He said the election committee had counted ballots for the presi-dential race in local municipalities instead of sending them to the central electoral committee where observers were present.

A team of observers from the Conference on Security and Co-operation in Europe backed Mr Panic's claims of election irregularities. "The electoral process was seriously flawed." said a statement of the CSCE elections



Residents of Sarajevo queue for water. The Bosnian capital has been without a regular supply for weeks

mission. Observers, opposition leaders and diplomats all reported numerous cases of people's names being deleted from voter registers, ballot box stuffing and unsealed ballot boxes.

Diplomats said that the slow count could indicate irregularities. By last night, Serbia's electoral commission had not given the turnout for the vote. "The elections were not fair.

But we have to wait until they announce the results." said a foreign observer speaking on condition of anonymity.

was unfair from the start because of the bias of Television Serbia under the control of Mr Milos-

The Serbian presidential race overshadowed parliamentary, federal and local elections in Montenegro. The two republics together claim the mantle of former Yugoslavia, which is not recognised internationally.

• Mr Douglas Hurd, the British foreign secretary, yesterday warned that time was running out for Serbia to make "rapid and

radical" changes to end its aggression or face total isolation in the international community. Speaking after a meeting of

European Community foreign ministers, he said he expected the UN Security Council to pass a resolution providing for enforcement of a no-fly zone over Bos-

Mr Hurd said there would be a delay in enforcement while the UN tested whether the Serbs intended to comply.

Background, Page 2

# Protected returns

THE LEX COLUMN

European Community foreign ministers failed to make up their minds on whether to upgrade the EC's trade policy armoury yesterday. But there is no mistaking the increase in protectionist pressure as completion of the single market draws near. Adding to the fear that EC companies would be unable to stand increased internal competition without extra external protection is worry about imports looding in from eastern Europe.

The risk of Fortress Europe would diminish if Sir Leon Brittan were to assume responsibility for trade policy in the new Commission. Yet antidumping will be one of the few trade policy instruments left in the single market. There is a natural desire to make it easier to use. Which raises the question of the impact of protection on corporate earnings.

Conventional wisdom says the larger benefit usually accrues to the efficient foreign exporter whose goods are being targeted. This company pockets extra margin. The protected company suffers from reduced growth at home as prices consumers must pay are raised. It also has less incentive to

Restrictions on consumer electronics imports did little for Philips. Its shares underperformed Matsushita by more than 20 per cent in the last 10 years. The evidence, though, is far from clear-cut. Peugeot outperformed Honda by a factor of eight over the same period. GEC outperformed Mitsubishi Electric by 8 per cent, admittedly thanks to a steep relative improvement since 1990.

Then again, such comparisons are crude. Perhaps more competition inside the single market will offset the indolence induced by protection. It is easy to forget that a combination of tough domestic competition and external protection helped Japanese companies succeed in the 1980s.

To be charitable, Lasmo's disposal of peripheral assets at least demonstrates that oilfields can still fetch reasonable prices. Lasmo has also continued to cut deals in a difficult market. And the company has raked in some muchneeded cash, giving the management more leeway to maintain its final dividend if it so desires.

Yet, however helpful, pulling in \$145m will not lift the company's neavy debt burden. Exploration and development spending will fall next year, but Lasmo must still make furFT-SE Index: 2807.7 (+18.0)

ther disposals if borrowings are not to rise once more. That underlines the conundrum facing the company, which was caught with high gearing when asset values started to fall. Its most saleable assets are precisely those which would provide the short-term cash flow to service its debt burden. So to cut its gearing, the com-

1997 88

pany is selling part of its future. The bind is all the tighter because crude oil prices show little sign of rising above \$20 a barrel. As a result the oil industry is having to cut costs sharply. Efficiency gains from integrating Ultramar are needed if Lasmo is simply to stand still. Short-term prospects for the share price may be torn between the attractions of a 7.5 per cent yield, and fears that the payment cannot be sustained forever. The company really needs a buoyant oil price.

### UK pensions

That Courtaulds Textiles can afford to take a slice out of its pension fund surplus after three years of generally lousy investment returns testifies to nimble fund management. Actuarial valuations of most company pension funds are unlikely to be so kind. Many will reveal dwindling surpluses, marking the end of contribution holidays. That means an unwelcome demand on cash flow for some companies. But it could be good news for the equity and bond markets as a whole.

One side of Courtaulds Textiles' arrangement takes £32m out of the pension fund - invested predominantly in UK equities - and passes the cash into company coffers. Too many similar instances would have an uncomfortable impact on institutional

cash flow. Courtaulds Textiles is by no means unique. Its sister chemicals company has accumulated an equa embarrassment of riches. But higher contributions from companies reaching the end of pension fund holidays are likely comfortably to offset the cash withdrawals of companies in the

same position as Courtaulds.
Whether any company should be sharing out its pension fund surplus while the investment outlook is so uncertain is another matter. In Court aulds Textiles' case, the action looks justified because by bringing the surplus below the government threshold the fund avoids paying unnecessary tax. Since the fund still shows a modest surplus on the government actuary's gloomy assumptions - including dividends declining by 1.8 per cent a year in real terms in perpetuity - it is hard to argue that benefits have been

It is perplexing that Lucas, which constantly lauds the virtues of the long-term approach, should choose to sell its fluid power systems business near the bottom of the cycle. Although the disposal was flagged in the company's latest annual report, Lucas is jettisoning a long-established company just when it might flourish from a US recovery. The suspicion remains that the disposal programme is motivated more by a desire to maintain the dividend than to preserve long-term value. The sale may realise a useful £30m. Further asset sales could bring total disposal proceeds to £100m by the financial year-end.

Lucas argues that an earnings recovery will enable it to preserve the payout this year. But it is difficult to see from where the necessary uplift will come. Prospects for the aerospace arm remain unfathomable given its dependence on the stricken defence sector. The automotive side will continue to suffer from the travails of the truck market and the downwards lurch among German carmakers.

Still, Lucas undoubtedly retains a powerful position in these markets. And with margins of only 1 per cent on sales of £2.3bn it possesses considerable recovery potential. The question remains: who will best realise it? Management may have decided that a hasty sale of the family brass is the best defence against the much-rumoured bid. The problem is that without a bid premium, Lucas's shares look unduly heavy.

# UK court rules pit closures unlawful

By Our Industrial and Political Staff

THE High Court dealt the British government's coal programme a severe blow yesterday by ruling last October had been conducted unlawfully.

The ruling caused jubilation among mineworkers, and provoked a call from the Labour opposition party for the resignation of Mr Michael Heseltine. trade and industry secretary. However it seemed unlikely to lead to an early resumption of mining at 10 pits where work is heing stopped.

Lord Justice Glidewell and Mr Justice Hidden found that the government and British Coal unlawfully and irrationally" ignored the right of mineworkers consulted over pit closures. The judges also quashed Mr

Heseltine's decision six days later, as a result of the public outcry, to close only 10 pits after a 90-day consultation, and to subning 21 to a review. The judges, who were ruling on

an appeal against the closures by the mining unions, found that the lack of consultation broke the UK Employment Protection Act 1975 and possibly also breached EC law. Miners' rights are contained in the modified colliery review procedure (MCRP) which was set up in 1985 after the last coal strike. But it was suspended by British Coal in October in order to speed up the closures.

The judges said: "British Coal shall not reach a final decision on the closure of the 10 collieries. nor shall the president make

enable British Coal to make such a decision, until a procedure substantially the same as MCRP, including some form of independent scrutiny, has been followed in relation to each of the 10 colused for the 21 pits might be

incorporated into the procedure, they said. British Coal said it was considering an appeal. It also indicated that it would study the ruling, which took three hours to read out in the court, before deciding the future of threatened pits. The ruling was about the process for shutting down mines, not about

the legalities of mine closures. The ruling was welcomed by some Conservative MPs, and deepened the government's embarrassment over the closures. Many Conservatives, including

several of the 31 pits is now inevi-table. Mr John Major, the British prime minister, hinted at a retreat during an interview on BBC Radio 4, saying the govern-

victory for organised labour since the 1970's. Mr Arthur Scargill. leader of the National Union of Mineworkers, called for Mr Heseltine's resignation. Mr John Smith, the Labour party leader, stopped short of

sion as the most significant legal

calling for resignations, but wrote to Mr Major asking for the 10 plts which were closed to be included immediately in the government's energy review. Mr Heseltine rejected talk of resignation, saying that he had

accepted British Coal's advice

that consultations about the clo-

# Japan announces stimulatory draft budget

JAPAN'S finance ministry yesterday published a draft budget for the 1993-94 financial year that attempts to balance an expected fall in tax revenues with the need to increase public spending and stimulate an ailing economy.

The draft, which provides for an austere 0.2 per cent increase of the week.

Some estimates will change of the debates, but the draft, hailed as "stimulatory" by

problem. Downing Street

described the result as "predomi-

There was little suggestion in

nantly commercial".

the ministry, is the guide to Japanese government spending for the fiscal year beginning in April.

Outlays in several areas. including pensions and agricultural subsidies, are to fall, while defence spending is to rise by 1.7 per cent, the smallest increase since 1960. Overseas aid spending is scheduled to rise by 4.7 per cent and social welfare outlays by 2.9 per cent, the smallest

outlays in most areas were restrained to a degree unprecedented in recent years, public works spending was increased.

Business organisations welcomed the emphasis on public

Government to cover bomb damage

works spending, but Mr Masaru Hayami, head of the Association of Corporate Executives, said the ministry's calculations might be flawed because they are based on an "overly optimistic" forecast of

Meanwhile, the so-called second budget, the annual estimates of the Fiscal Investment and Loan Programme, which gets its funds from government-affiliated financial institutions, provides for a 12.4 per cent rise in public works related spending, compared with a 10.8 per cent rise in

Mr Robert Feldman, economist at Salomon Brothers in Tokyo. said the budget was "definitely expansionary" and almost certain

There has been annoyance

among government officials over

the high profile tactics adopted

by the insurance companies.

to be supplemented by a special budget package in fiscal 1993. Finance ministry officials said the budget was not drafted with

Washington in mind, but that US officials should conclude Japan was doing everything possible to revive the domestic economy and aid international growth.

The ministry expects the slowing of the economy to lead to a 1.9 per cent fall in tax revenues As a result, construction bond issues are scheduled to rise by 11.7 per cent to cover the deficit, and debt paper as a percentage of the general account revenue will rise from 10.1 to 11.2 per cent.

Money supply, Page 8 Editorial Comment, Page 10

### and trade unions to be available funds which would ministers, believe a reprieve for sures would not be necessary.

By Robert Thomson in Tokyo

in total outlays but a 4.8 per cent rise in public works spending, was approved at a cabinet meeting yesterday and will be debated by the government until the end

increases in both sectors since The ministry said that while

3.3 per cent growth next year.

the current year.

Ecas interpretation of EC treatyrules that all controls should go, but appears to have dropped the immediate threat of legal action against member states which maintain passport checks. Ecas, Rue Defacqz 1, 1050 Brus sels, Belgium. Frontier control hol-tine (available January 48); Brus-

### Continued from Page 1 Ministers have been acutely Heseltine's description of the sensitive about the possible pro-The Treasury and Mr John paganda advantage to the Irish Republican Army of any retreat measures as "temporary" should Major, the prime minister, were cautious about the signal it be interpreted as involving a by the government - or of any moves which might be intertime limit Officials said only might send to terrorists. But Mr that the government did not Heseltine appears to have perwant to help companies "for ever preted by the IRA as making suaded them that the market and a day their bombing campaign a direct alone could not deal with the Mr Tony Baker of the ABI said challenge on the government.

there was no possibility of policyholders being left "high and dry by any sudden suspension of the

## EC hotline

Continued from Page 1

sels 534 8325 (telephone), 534 5275

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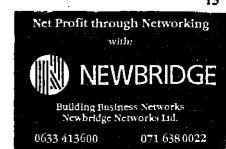
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# **FINANCIAL TIMES**

# COMPANIES & MARKETS

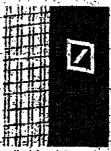
OTHE FINANCIAL TIMES LIMITED 1992.

Tuesday December 22 1992



### INSIDE

### **Corporate Germany** under fire



Two weeks ago Calpers, the big US pension fund, denounced the voting restrictions in place at dozens of leading Ger-man companies. Last-Strenger, chief executive of the investment management arm of the Deutsche Bank and Germany's largest fund ... management group; called for voluntary rules to govern takeover activity in Germany. Page 14

Lucas raises £30m by disposal Lucas Industries, the car and aerospace com-(\$152m) through disposals by next August, yes terday announced the sale of its fluid power systems division to Sophus Berendsen of Den-mark. The division is the largest of four put up for sale by Lucas in October in an effort to focus on core businesses. Page 17





There is a belief that to be soundly thrashed with holly branches is the finest possible cure for chiliblains: Furthermore, in some parts of England and Germany it is believed that if rough, prickly holly is brought into a house the husband will dominate the home for the year ahead. If the holly has smooth leaves and few prickles, however, the wife will rule. David Richardson writes about Britain's only professional holly grower, Page 20

### Ireland comes to the fore

FY A World Index

Ireland The FT-Actuaries World Index shrugged off bad corporate news last week, and there were some strong performances from Ireland and Singapore. Ireland and Singapore, Ireland came to the fore with a 5.8 per cent rise on expectations of a cur-100 learning of a currency devaluation. Over the last quarter, it has risen some 7 per cent to risen some 7 per cent in local currency terms but is 12 per cent down

### Fund manager ahead

Ivory & Sime, the UK fund management group, has announced an 8.5 per cent rise, from £2.09m (\$3.17m) to £2.27m, in pre-tax profits for the six months to October 31. Page 19

### **Market Statistics**

Base lending rates Benchmark Govt bonds FT-A indices FT-A world indices Back FT/ISMA int bond svc FT quide to currencies. Financial futures

Adam & Co BBA

Lasmo Lucas MTM

London share service Liffe equity options
Location tradit, options Managed fund service Money markets New int. bond Issues World stock mkt Indices

19 Marks and Spencer

Victoria Carpet

### Companies in this Issue

Mosaic inves Cariplo Chrysalis Courtaulds Te Murphy oil OIS Inti PT Astre Inti Culver Durham (DG) EFM Japan Trust Parkland Textile Pinauit Placer Dome Plantsbrook Portland Funeral Fletcher King Fondiaria GPA Group High-Point IMI Printemps Proctor & Gamble Siddons Ramset ivory & Sir Jax TR High income Trust Thorntona Tomkins/RHM

# Chief price changes yesterday 117.6 - 4.4 86 - 4.8 TOKYO (Yen) **Rises** Fujita Kanko

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	Mallett	54	+	9	Pentos	82	_	312
	Metalrax	115	+	7	Victoria Crpt	93	-	9

# Novell to purchase Unix for \$350m

By Louise Kehoe in San

NOVELL, the largest publisher of software that links computers on networks, has signed a letter of intent to acquire Unix Systems Laboratories, an AT&T unit responsible for the licensing and

responsible for the ticensing and development of the widely used Unix computer operating system. The proposed \$350m acquisition will have profound implications for vendors and users of "open systems" computers. It also signals an intensifying battle between Novell and Microsoft, the world's largest software company, over control of the market for operating systems and networking software.

USL is 77 per cent owned by AT&T, which formed the unit in 1991 in response to rising concerns about AT&T's control over development and licensing of Unix, which has become the standard operating system for "open systems" in which com-puters from different manufacturers work together.

AT&T encouraged other computer and software companies to acquire minority stakes in USL to provide them with a measure of control over the development of Unix.

Novell already owns 5 per cent of USL and 11 other computer-in-dustry companies together own 18 per cent. The deal has been approved by the boards of Novell and AT&T, but it has not yet been approved by the other Unix System Labs owners, which include Amdahl, Fujitsu, ICL, Motorola, NEC, Sun Microsystems, Oki Electric, Olivetti and Toshiba. Initial reactions from these ranged from "neutral to positive" said Mr Roel Pieper, president and chief executive of USL.

The acquisition was prompted by Novell's desire to accelerate adoption of the Unix operating system and to "commercialise" the processes of developing and distributing Unix products, said Mr Raymond Noorda, president and chief executive of Novell.

Novell also appears to be anticipating the competitive NT," a new version of Microsoft's popular "Windows" operating system expected next year. For AT&T and other USL shareholders, the exchange of

shares will be tax free. Based on current Novell stock price, AT&T expects to recognise a gain in excess of \$100m and will own about 8 per cent of Novell's

### Alan Friedman on the prospects for Time Warner after Steve Ross

Time Warner was announced just world's biggest media and enter-

Warner of an internal clash that had led to the removal of some of Mr Ross's closest friends.

Among those said by executives to have been distressed by the developments were Mr Martin Payson, the Time Warner vice-chairman who resigned from the company as well as from the board; Mr William vanden Heuvel, who hung on to his board seat but is expected to lose it next spring; and Mr Arthur Liman, the lawyer who was not a board member, but was a close friend and adviser to Mr Ross, handling a large volume of legal work for Time

Warner. Mr Gerald Levin, the president and chief executive of Time Warner who is expected to eventually succeed Mr Ross as chairman, tried to put a brave face on the board changes, which will reduce the number of directors from 21 to 12 and are aimed at recruiting more outside mem-

The board reduction was the last step in a lengthy review process that he, Mr Ross and outside directors began last September, Mr Levin declared.

But Mr Geoffrey Holmes, a senior vice-president of Time Warner who was privy to the decisions, admitted the timing of the announcement was "extremely unfortunate" and noted "it was just a question of should we do it now or wait a couple of days".

The board changes appear to favour the Time side of the group and they have re-ignited speculation about the disparate corporate cultures of the staid Time and the free-wheeling Warner the two sides that came together three years ago in a controversial \$14bn merger. The company claims talk of such cultural divisions is exaggerated. Whatever the case, it is clear

begins a new era without its charismatic founder. Chief among these is the need for Time Warner to become more corporate in its top-level 1ec151011 making and less a cult of person-

that Time Warner faces a number

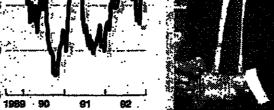
of more material challenges as it

On the financial side, Wall Street has been promised that Time Warner will come to terms with its \$9bn debt burden, a residue of the 1989 merger, and reduce it by selling off assets. In strategic terms the company is still searching for more international partners to buy into its

# There was something unseemly about the way the board shake-up at Media group faces hours after the death on Sunday of Mr Steve Ross, the 65-year-old chairman and founder of the life beyond the tainment group. Yesterday, as the company mourned the loss of Mr Ross, reports filtered out of Time Cult of personality

Shape of the empire





Box Office 1,366 2,960 3,065 1,935 183 334

make \$400m of operating profits,

up from \$390m last year; the

music business should produce

\$580m of operating income,

against \$560m; HBO should

achieve \$215m, up from \$195m;

the cable operations could earn nearly \$1bn in 1992, against \$872m last year; and publishing

should yield \$330m, compared to

Mr Alan Grubman, a leading

US entertainment lawyer who

knew Mr Ross well, yesterday

called the late Time Warner

chairman "one of the great pio-

neers of the modern entertain-

ment industry, along with people

an entrepreneur who suffered

from the same problems as many

company founders. As one of his

friends put it: "Steve ran the

company as a family. So no mat-

would never sell off one or two of

Tet Mr Ross - a silver-

affinity for glitz - was

\$246m in 1991.

Time Warner Entertainment (TWE) subsidiary, which last year obtained only \$1bn for a 12.5 per cent stake from Toshiba and C. Itoh of Japan - half the level desired by Mr Ross.

3,021

174

Revenue

Finally, it has yet to be shown at Time Warner - as at other companies such as the Sony group - that the various components can produce synergies that go beyond rhetoric and make solid contributions to the bottom

Mr Ross's goal was to build a media and entertainment giant with global clout and prime market positions in the Hollywood and publishing (including the Time magazine flagship) as one of the biggest US cable television operators and as a successful programmer for cable through the Home Box Office (HBO) division. This he did, and the company is expected to close 1992 with \$14bn of revenues and profits in all divi-

The film division is likely to

his children. I think he had a terribly difficult time trying to deal with selling assets. Founders of companies usually don't want to let go."

The need to reduce the debt has been apparent for the past

has been apparent for the past two years, especially as merger-related special dividend payments have consistently resulted in net losses despite strong operating profits. Mr Levin and the new manag-

ers of Time Warner are likely to be able to dispose of assets in a way Mr Ross could not because he was so emotionally tied to Time Warner holdings.

The Levin team has promised to seek to reduce the debt by S3bn by selling off non-strategic assets over the next three

Mr Holmes yesterday said debt reduction was a top priority for the management team and acknowledged that in announcing planned asset sales recently, he was also seeking to reassure investors who are not satisfied with the price of Time Warner's stock. "We're not happy with the stock performance either," he

Mr Holmes also said more international partners are being lined up, and could be announced during 1993. While alliances are useful for the distribution of entertainment products and to generate more non-US revenues, they are also sorely needed to bring in cash to lower the compa-

There is no easy answer to the question of achieving strategic synergies; regardless of how sceptical outside observers may be, companies as diverse as Time Warner, Sony, Matsushita and Bertelsmann all believe that pooling different entertainment businesses will yield economies of scale and profits in the future.

As for a new style of management, Time Warner insiders claim Mr Levin is firmly in control and they point out that the company's decision-making process has become much less personality-driven since Mr Ross was sidelined a year ago by treatments for prostate cancer.

The 52-year-old Mr Levin hails from the Time side, was a prime architect of the 1989 merger accord and yet is described by insiders as a man who is commit-ted to Mr Ross's vision of the group as a global force in entertainment.

Mr Liman stressed yesterday that "Steve hand-picked Gerry

The most lasting legacy of the the passing of Mr Ross may be haired extrovert with an that it enables the company he founded to make a series of difficult decisions without regard to sentiment or emotion. This was acknowledged yesterday by a Time Warner executive, who none the less noted that "things ter how screwed up it was he will still never be quite the

Ciga sells control of Italian

By Halg Simonian in Milan

hotel arm

CIGA, the heavily-indebted international hotels group controlled by the Aga Khan, is selling majority control of its Italian hotel-owning arm in an eleventhhour attempt to reduce borrowings in time for a year-end deadline with its bankers.

However, the L301bn (\$218m) sale of 51 per cent of Ciga Immobiliare, the subsidlary owning the group's Italian hotels, is subject to agreement from creditor banks.

Ciga is selling the stake to Situr, a fast-growing private-sector Italian property development and entertainment group, which already has a variety of travel and tourism interests.

Situr will buy into Ciga Immobiliare via a capital increase. Separately, Ciga will purchase the 49 per cent share in Ciga Immobiliare Sardegna, its Sardinian property subsidiary, currently owned by Fimpar, the Aga

Khan's listed holding company. CIS will then be sold on to the Aga Khan and Situr. The Aga Khan, who was the main force behind the tourist development of Sardinia's Costa Smeralda where the CIS assets are based, will buy 80 per cent of the company, with the remainder going to Situr.

Fimpar will make L95bn from the sale, while the remaining proceeds will go to Ciga Immobiliare, by then majority-owned by Situr.

The complex transactions should reduce Ciga's group debt from almost L1,000bn at present to L330bn.

The reduction will come through the cash injection from Situr and by the removal from Ciga's balance sheet of borrowings by Clga Immobiliare.

A further slice of debt will be lifted following the Aga Khan's agreement to convert into equity L61bn of Ciga convertible bonds by the end of this year. The company stressed the

agreement would not affect its ownership of its foreign hotels, or management of any hotels in the group.

expected to sign some form of leaseback arrangement with

Ciga said turnover of its hotels division should rise to L440bn this year from L404bn in 1991. The company gave no profits forecast for the year. Last year, it lost L98.9bn, while Fimpar, which owns 50.01 per cent of Ciga, lost L65bn.

# BfG deal faces disruption threat from Fondiaria

By Christopher Parkes in Frankfurt and

THE DIFFERENCES over plans for Crédit Lyonnais to take control of Germany's BfG bank have been resolved. Aachener und Münchener Beteiligungs (AMB), the German insurance group,

claimed yesterday.

However, the deal seemed threatened with further disruption as Fondiaria, the Italian insurer with a 20 per cent stake in AMB, was reported to have called for a vote of no confidence in Mr Helmut Gies, chairman of AMB's supervisory board, at a weekend meeting.

AMB officials did not deny the

report, which included claims that Fondiaria had asked for an extraordinary shareholders' assembly on December 30 to be

postponed "on material and legal grounds". If shareholders approve the resolutions at the meeting, Assurances Générales de France (AGF) will gain a blocking stake in Germany's second-biggest insurer, Crédit Lyonnais will win a foothold in the top ranks of German banking, and AMB will rid itself of its barely-profitable banking subsid-

Meanwhile, the German insurer, with 51 per cent of BfG, insisted an agreement on the deal would be signed before Christmas. The extraordinary assembly to approve the transaction would be held as planned, despite rumours of possible postpone-ment, AMB added. The meeting would also be asked to bless another, linked, agreement, reached earlier this year, under which AGF is to be granted full

voting rights on its 25 per cent stake in AMB. AGF, the state-owned French

insurance group, acted as broker in the deal with Crédit Lyonnais. It accepted the role as part of a eace settlement with AMB, which had hitherto viewed AGF's holding as hostile and had withheld full voting rights on its

Fondiaria, which yesterday refused to comment on the weekend meeting, entered enthusiasti-cally into its relationship with AMB. But plans to form a threeway alliance of independent European insurers, including Britain's Royal group, have been left increasingly to one side as a result of AGF's growing involvement with the German concern. Ferruzzi, which jointly controls Fondiaria, is believed to be

unhappy with its profitability.

### Groups face tax rise under treaty withholding taxes on dividends

By Andrew Jack in London

MANY multinational companies will be forced to restructure their operations or face substantial tax rises under a draft treaty between the US and the Nether-

Tax on dividends and interest payments from US-based busiesses owned through a Dutch holding company could increase sharply. Foreign investors in the US who channel funds through Dutch companies to reduce the tax burden are also likely to be

The details are contained in the revised US-Dutch tax treaty negotiated over 11 years, which was approved by both governments last week and could be ratified by the US Senate and the Dutch parliament for implementation as soon as January 1994.

reform of the existing treaty by the US government, which has been concerned at the use of Dutch holding companies to avoid US tax liabilities. Mr Bruce Lassman, head of the

US tax desk at accountants Ernst & Young in London, said: "Many, many companies will be forced to restructure their operations."

Mr Duncan Bratschell, group tax manager at Thorn-EMI which has a series of Dutch companies, said: "We have done certain things to mitigate the effect [of the treaty] in the past. But this is one they have kept very close to

their chests." Royal Dutch Shell said its lawyers were still studying the agreement but believed it would not have much impact on the

The treaty will increase US

to Dutch companies from 5 per cent to 30 per cent, and on interest payments from zero to 30 per cent unless the Dutch company can satisfy new requirements. That will substantially reduce

the scope for UK and other investors to use Dutch companies to take advantage of differences in international tax regimes and offset or "blend" tax liabilities against each other before remitting them home.

The treaty is particularly important for UK multinationals. because there is no facility for them to offset these taxes once they have been remitted to the companies in the UK. It will also affect investors from many countries without US tax treaties, such as Hong Kong, the Middle East, South Africa, and Central

# US\$92,000,000 Istisna Project Finance Provided and structured by Al Rajhi Banking and Investment Corporation Arranged by ANZ Grindlays Bank plc, London International Merchant Banking The Hub Power Company Limited (Incorporated with Limited Liability in Pakistan)



# Snecma issues warning of heavy loss for year

By Alice Rawsthorn in Paris

SNECMA. France's statecontrolled aircraft engine maker, yesterday warned that it would make a substantial loss in 1992 and that it saw no prospect of a return to the black next year.

Mr Gérard Renon, chairman, said the group had been badly affected by the problems of its customers in the civil aviation industry and by the general economic slowdown. Snecma specialises in the production of engines for Airbus jets in both the civil and military sectors.

The chairman, who recently announced a first-half loss for the company, forecast continued losses for the second half of this year. This would produce an overall loss of around FFr600m (\$112m) for 1992, significantly higher than 1991's loss of FFr68m. Specma lost FFr302.75m on consolidated sales of FFr6.1bn in the first

six months of this year. Mr Renon also warned of a probable fall in sales for 1992 of around 6 per cent or 7 per cent

to FFr13.5bn. He anticipated a further fall in sales, and sustained pressure on profitability, next year. "Given the pressure on sales and margins, it will be difficult for us to return to break-even," he said.

Snecma has suffered from depressed demand in 1992. The level of production of its CFM 56 engines has fallen from 880 in 1991, to 770 this year, and to a projected 550 in 1993. This problem was recently aggravated by the cancellation of an order from Northwest Airlines of the US for 74 Airbus fitted with CFM 56 engines made by the French group and General Electric, its US partner.

The company has already taken steps to cut costs. Mr Renon warned that there could be more temporary lay-offs and short-time working at its production plants, but said there would be no increase in the 800 job losses already announced. We mustn't over-react," he said. "We have to ensure that we have the capacity to recover in the medium

### **Pinault-Printemps director** quits after clash with chief

By Alice Rawsthorn

MR JEAN-JACQUES Delort yesterday resigned as a director of Pinault-Printemps, the French retailing and timber concern, after a row with Mr François Pinault, chairman and the architect of last year's merger between his timber company and the Printemps retailing group.

The Pinault group has for some time stirred interest because of its shift in strategy when Mr Pinault changed direction away from the old industrial-based interests of his family timber firm by expanding into retailing. This culminated in the FFr5.3bn (\$991m) partial bid for Printemps.

The Printemps deal turned Pinault into a leading player in French retailing with the Conforama furniture chain and La

Redoute mail order catalogue

as well as the Printemps

department stores. It also left Pinault with heavy debts. Mr Pinault this autumn orchestrated a FFr1bn capital increase from Credit Lyonnais, the French bank, and has recently been reported to be negotiating to buy part of the bank's junk bond portfolio.

Mr Pinault, renowned for his aggressive approach to business, is said to have clashed with Mr Delort, a prominent figure in the French business establishment and the former chairman of Printemps, over his plans for the group. Pinault said in a statement yesterday that Mr Delort had resigned "at the request" of Mr Pinault.

After Mr Delort's departure Mr Pinault will replace him as president of the administrative board of the group.

### Cariplo locked in talks over **IMI** terms

By Haig Simonian in Milan

THE BOARD of Cariplo, the country's biggest savings bank, was locked in talks on whether to buy into the Isti-tuto Mobiliare Italiano, the financial services group.

The board meeting followed a late-night cabinet session on Sunday at which Mr Piero Barucci, the treasury minister, set out the government's final terms for the sale of its 50 per cent stake in IMI.

The government has set a L3,800bn (\$2.7bn) price on its holding, based on the lower end of a valuation made by S.G. Warburg, the UK mer-chant bank. A 42 per cent stake has been offered to Cariplo and Iccri, the organisation linking Italy's savings banks, with the remaining 8 per cent to be floated.

Rejection of the terms by Cariplo and Iccri would be a severe embarrassment for the government. The IMI sale was a first step in a wide-ranging privatisation plan, and the expected receipts form a major part of L7,000bn expected from privatisation this year.

Bankers widely expected the proposal, which is the latest twist in tortuous negotiations lasting two years, to be rejected by Cariplo and by Iccri, whose managing board meets today.

Cariplo and the savings banks have expressed reservations about the price, although somewhat lower than expected, and the payment terms.

### East Asiatic in plant disposals

BAST Asiatic, the Danish shipping, graphics and consumer products group, is to sell seven Plumrose meat preserve plants to foreign buyers as part of a plan to trim its overseas operations, Reuter

reports from Copenhagen.
It said the move followed failure to reach agreement on a takeover of the plants by a Danish consortium consisting of Tulip International, Danish Crown and ESS-Food.

# Assault on corporate Germany's defences

orporate Germany is under fire - both from outside and from within

Two weeks ago a representa-

tant Anglo-Saxon fund had delivered such a critique at the annual meeting of a leading German company.

Equally unprecedented was the call last week from Mr Christian Strenger, the chief executive of DWS, the investment management arm of the Deutsche Bank and Germany's largest fund management group, for the introduction of voluntary rules to govern takeover activity in Germany.

lated, as Mr Strenger made clear when he proposed that companies should give up their

many large German companies including Deutsche Bank, the DWS parent, and introduced in the early 1970s amid fears that the crown iewels of German industry would be bought up by oil-rich countries - is that it is a company's only defence in the absence of formal rules

This was exactly the argument used by Morgan Grenfell, Deutsche Bank's investment banking subsidiary, in its suc-cessful defence of the Continental tyre company against a foray from Pirelli. Continental has been able to preserve its independence to date because it has managed to keep voting restrictions in place, despite

two attempts from shareholders to remove them. This put Morgan Grenfell in

the embarrassing position of

defending something which would be indefensible in the

UK, its home market. In the

UK, as in the US, it is a cardi-

nal principle that all share-holders should be treated alike.

"Most countries in the world

to all shareholders. It is standard practice in Germany for one company to win control of another by taking a simple majority or a blocking minority. This means that no premium is paid for corporate con-trol and the value of remaining shareholders' holdings can be much diminished.

It was this concern which led to a battle this year between the management of Aachener und Münchener Beteiligungs

special meeting of AMB shareholders. But last-minute difficulties have emerged in the negotiations and it is possible that Fondiaria, the Italian group with 20 per cent of AMB's shares, could scupper the transaction by voting against it at the same meeting.

Analysts suspect that the Italian company feels aggrieved at being left in the position of minority shareholder, the value of its shares

diminished by the influence

glio highlights another way in

which shareholders are ill-

served by the current regula-

tory environment. There is

minimal information about the

details of a transaction which

has been settled over the head

of the shareholders in secret

negotiations initiated by the

companies' supervisory boards.

nformation obligations are

rudimentary. Take just dis-

closure of share stakes. In

Germany a company does not

have to disclose a shareholding

until it reaches 25 per cent,

compared with 3 per cent in

the UK. This leaves sharehold-

ers - and companies - in the

Mr Strenger proposes that

holdings of 5 per cent, and that

banks should help them do this

by reporting stake-building.

companies should disclose

dark.

The AGF/AMB/BfG imbro-

accorded to the French.

the role of the banks, particularly Deutsche Bank, the biggest bank and owner of numer. ous substantial portfolios in big German companies.

The official Deutsche Bank line is that it puts up with vot. ing rights restrictions only because there is no takeover code. But critics say that the bank profits from the current state of affairs, being so much better informed about corporate developments because of the holdings and the supervisory board mandates which go with them. Why commit itself to equality between shareholders, when the current inequality works in its favour?

The European Community has drawn up a directive on takeovers and mergers, but it has yet to be ratified. Strenger says that would be serving its own interests by introducing a voluntary code long before the law comes into force.

In practice, it would take years for a voluntary code to take effect. Takeovers, especially hostile ones, are still regarded as profoundly anti-social in Germany, as witnessed by the fuss which accompanied the early stages of Krupp's move to win control of its steel rival Hoesch. German companies are likely to worry that a set of rules would simply encourage such behaviour.

At a time when companies are preoccupied with dealing with recession, it is unlikely that they will encourage anything which would make them vulnerable to takeover - even if that vulnerability works in the interests of shareholders.

### finalised on December 30 at a which bids should proceed.

its own ranks.

tive of Calpers, the big US pension fund, stood up at the annual meeting of RWE, a large German utility, and denounced the voting restrictions in place at dozens of leading German companies.

This was unprecedented -the first time that an impor-

The two issues are interre-

voting right restrictions as a quid pro quo for embracing a voluntary takeover code and rules defining disclosure requirements. The justification for the voting rights restriction - in place in one form or another at

setting out the way in

NATIONAL Westminster Bank

said yesterday that its stock-broking business had emerged

successfully from its two years

probation and there was no

longer any question of closing

However, it also said that the

broker's name would be

changed from County NatWest

Securities to NatWest Securi-

ties from the beginning of the

The announcements were

made by Dr Martin Owen, in

his first interview as chief

UKRAINE

or selling the business.

By Robert Peston,

Banking Editor

NatWest backs broking arm

(AMB), Germany's second big-gest insurance company, and Assurances Générales de France (AGF), a large stateowned French insurance group which accumulated 25 per cent of the German company in what was then interpreted as a

David Waller examines the intensifying attacks on

the country's system of voting rights restrictions

stick to the principle of one hostile move. The management then argued, with the help of S.G. Warburg, the UK investment bank, that the French share one vote," said Mr Joseph Lufkin, the Calpers representative who was incensed at the voting anomalies in place at RWE, Germany's company was trying to win eighth biggest industrial concontrol with the minimum outlay possible, and refused to recognise the full votes attached to the share stake. glomerate. For historical reasons, a group of local authorities owns 30 per cent of the The argument was subsecompany's shares - but wields

60 per cent of the votes. There is no reason why one shareholder should get better treatment than another just because he happens to be more of an insider than the others," said Mr Lufkin.

Strenger, like Lufkin, points to another inequity: the lack of any rule obliging acquiring

executive of NatWest Markets,

which groups together all the

bank's investment and corpo-

Dr Owen has been conduct-

ing a review of all NatWest

Markets operations since he

became chief executive in

June. The outcome was partic-

ularly important for County

NatWest, because Lord Alexan-

der, NatWest's chairman, said

in February 1991 that the secu-

rities business had two years

mitment to stay in equities",

We have made a firm com-

to prove its worth.

Interview, Page 17

said Dr Owen.

rate banking businesses.

### ance company's troubled banking subsidiary. But not before the then chief executive resigned and S.G. Warburg resigned their mandate.

quently settled when AGF

helped find a buyer for AMB's

stake in BIG Bank, the insur-

The sale of the bank to

Crédit Lyonnais is due to be

restructured By Barry Riley in London

UK pensions

COURTAULDS Textiles is to restructure its pension scheme to reduce a surplus which has reached 55 per cent of liabilities on prudent assumptions.

The clothing manufacturer, demerged from the Courtaulds fibres and chemicals group in 1990, will increase benefits and withdraw £32m (\$48m) in cash for the company's benefit, although more than £12m of this will go in tax. These moves will cost £38m. Observer, Page 11 Lex, Page 12

Dated: London 22nd December 1992

### Total wins gas auction

By William Dawkins in Parls

TOTAL, the French oil and gas group, has won control of more than 20 per cent of the Hungarian gas distribution market. The group won a sealed bid

auction against other western oil companies for two of Hungary's five state-owned gas distributors, Egaz and Kogaz, which supply the west of the country.

The price is confidential, but the deal gives Total control of deliveries of 70,000 tonnes of liquefied gas a year. The other five distributors have been sold to the Dutch group Pamgaz,

which operates as Primagaz.

• Hachette, the French publishing group, and CEP Communication, a publisher of business journals, yesterday sold Le Nouvel Economiste, a loss-making business magazine for FFr60m (\$11.22m) in the latest change of ownership in the French press industry.

The buyer is Capital Media, a privately owned publisher of specialist magazines which will invest another FFr60m into the venture. Le Nouvel Economiste was 65 per cent owned by Hachette and 35 per cent by CEP Communication, a subsidiary of the Havas media group.



### The National Grid Company ple

Barclays de Zoete Wedd was lead manager in the issue of £200,000,000 7 3/8 per cent bonds due 1998

DECEMBER 1990



### Enropean Investment Bank

Barclays de Zoete Wedd was lead manager in the issue of £200,000,000 7 per cent notes

1900EMBER 2003



The FT proposes to publish this survey on January 20 1993. The survey will be seen by leading international businessmen in 160 countries worldwide. If you would like to promore your organisation's involvement to this impor-

tant audience please Patricia Surridge in London Tel: 071-873 3426 Fax: 071-873 3428

or Nina Golovyatenko in Moscow Tel: (095) 243 19 57 Fax: (095) 251 24 57

FT SURVEYS

YEN 15,000,000,000 AKTIEBOLAGET SPINTAB (SWEDMORTGAGE)

Subordinated Floating

Variable Rate Notes due 2002 Interest Rate 4.6625% p. a.

Interest Period December 21,1992 March 19,1993 interest Amount due on March 19, 1993 per Yen 100,000,000 Yen 1,139,722

0 BANQUE GÉNÉRALE DU LIXEMBOURG Agent Bank

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(A.C.N. 008 508 130)

AUD \$60,000,000

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NOTICE IS HEREBY GIVEN to holders of the above Notes that with effect from 4th DFCI-MBI-R 1992; (i) in accordance with Clause 9 (a) of the Fiscal Agency Agreement of 27 June 1985. The Fiscal Agency Agreement has been amended with Security Pacific Australia I mitted being replaced by BANK OF AMERICA AUSTRALIA LIMITED (A.C.N. 004 617 341) (incorporated with limited liability in Victoria, Australia) as the party obligated under the Notes. The conditions precedent provided in clause 9 (a) of the Fiscal Agency Agreement and in Condition 12 of the Notes have been complied with; and (ii) in accordance with Clause (C) of the form of Guarantee endorsed on the Notes BANKAMERICA CORPORATION (incorporated with lumited liability in the State of Delaware, United States of America) has, as the successor corporation to Security Pacific Corporation, expressly assumed the performance of the Guarantees. The conditions precedent provided in Clause (C) of the form of Guarantee and in Condition 12 of the Notes have been complied with.

All further notices regarding this issue will refer only to Bank of America Australia Limited as issuer and BankAmerica Corporation as guarantor. FISCAL AND PRINCIPAL AGENT — BANK OF AMERICA NATIONAL TRUST AND SAVINGS

ASSOCIATION (London Branch) as Fiscal Agent on behalf of BANK OF AMERICA AUSTRALIA (LIMITED).

COMPAGNIE BANCAIRE

000,000,0002 Floating rate notes due 1995 Initial Tranche \$200,000,000

For the interest period 18 December 1992 to 18 March 1993 the notes will bear interest at 7.30469% per IS March 1993 per \$100,000

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

NOTICE to the holders of outstanding U.S. \$30,000,000 1¼ per cent. Convertible Bonds Due 2002 of



Goldstar Co., Ltd. (the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Company 11,300,000 common stock of the Company described in the Notice given to the holders of the Bonds on 5th October, 1992, the existing Conversion Price per share of common stock of the Company has, pursuant to the provisions of the Trust Deed constituting the Bonds, been adjusted from W29.551 to W27.824 with effect from 8th October, 1992.

22nd December, 1992

Minebea Co., Ltd. Yen 23,000,000,000 Floating Rate Notes 1995 5.1% per annua

From 21st Documber, 1993 To 21st June, 1993 Interest Amount due 21st June, 1992 per Yen 10,000,000 Yen 254,101 The Sumitomo Trust & Banking Co., Ltd.

Ament Bank

TOP PINANCE (BERMUDA) LTD US \$15,600,000 FLOATING RATE NOTES DUE 1999 otice is hereby given that for the interest period from 21 December 1992 to 21 June 1993 the Notes will carry an interest rate of

CHEMICAL BANK AS ASSET BURK

that the Rate of Interest for the three month period ending 22nd March, 1993 has been fixed at 4.1625% per annum. The interest accraing for such three month period will be Yen 10,406.250 per one Billion Note on Zind March, 1993 against presentation of Coupon No. 2.

18th December, 1992

Notice of Redemption **European Coal and Steel Community** US\$100,000,000 9%% Bonds Due 1996

NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions of the Bonds, Citibank, N.A. as Principal Paying Agent, has selected by lot for redemption on January 22nd, 1993 US\$20,000,000 principal amount of said Bonds, at the redemption price of 100% of the principal amount in satisfaction of the January 22, 1993 mandatory redemption. Bonds selected by lot for redemption are as follows:

Bond Denomination US\$5,000.

Coustanding Bonds bearing serial numbers ending in any of the following two digits:

07 14 22 28 31 33 35 48 51 54
57 62 69 70 71 73 74 89 91 95
Payment will be made upon surrender of Bonds together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Bonds. Coupons maturing on January 22, 1993 should be detached and presented for payment in the usual manner. On and after January 22nd, 1993 interest on the Bonds will cease to accrue and unmatured coupons will become vold.

22nd, 1993 interest on the Bonos was used a 22nd, 1993 interest on the Bonos was used a 24nd and 1992 have not yet be presented for payment.

08 24 63 440 444 497 561 563

Outstanding efter January 22nd, 1993 US\$80,000,000.

December 22, 1992 By: Citibenk, N.A. (Issuer Services) London, Principal Paying Agent

CITIBANCO

NOTICE to the holders of outstanding US\$70,000,000

3¼ per cent. Convertible Bonds Due 2006 **GOLDSTAR CO., LTD.** 

(the "Bonds" and the "Company" respectively) NOTICE IS HEREBY GIVEN to the holders of the Bonds that pursuant ic a resolution passed at a meeting of the Board of Directors on 15th December 1992 the Company has declared a stock dividend to holders of its common stock and of its preterned stock registered on the shareholders list as of 31st December, 1982. Under mandatory provisions of Korean law, the proposed dividend will be submitted for approval to a general meeting of shareholders to be held on 27th February, 1993. be need on 27th rectularly. 1993 A further Notice will be given to the holders of the Bonds of any adjustment to the Conversion Price in relation to the Bonds as a result of such stock dividend.

Province de Québec Floating Rate Notes Due 1999 Notice is hereby given that for the interest Period from December 22, 1992 to March 22, 1993 the Notes will carry an interest rate of 4.0125%. The interest payment date, March 22, 1993 will be \$5.015 625 per \$500.000,000 normal amount.

¥50,000,000,000

NBD BANCORP, INC US\$100,000,000 Floating rate subordi-

nated notes due 2005

Notice is hereby given that for the interest period 22 December 1992 to 22 March 1993 the interest rate has been fixed at 5.25%. Interest payable on 22 March 1993 will amount to US\$131.25 per US\$10,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

Shimuzu International Finance (USA), Inc Yen 5,000,000,000 Tranche A Floating Rate Notes Due 1996

Goldstar Co., Ltd.

Due 1996
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the

Union Bank of Switzerland London Branch Agent Bank



CREDIT D'EQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES £35,000,000

111/4% Guaranteed Bonds 1995 (Convertible at holders' option into U.S. Dollar denominated Guaranteed Floating Rate Notes 1995) For the period 21st December, 1992 to 21st June, 1993 the Floating Rate Notes will carry an interest rate of 51/% per annum and coupon amou of U.S. \$41.14 per U.S. \$1,550 Note, payable on 21st June, 1993.

Bankers Trust
Company, London 

22 December, 1992 By: Ottbank, N.A. (Issuer Services)

CITIBAN(@

By The Chase Manhaston Benk, N.A. London, Agent Bank December 22, 1992

By Kevin Brown in Sydney

companies steadled yesterday

after the government of Papua New Guinea undertook not to

use expropriation to increase

Shares in mining groups

with PNG interests have tum-

bled on the Australian stock

exchange since a coalition gov-

ernment led by Mr Palai

The government has taken a

tougher line against foreign

mining interests than the pre-

vious administration of Mr

Rabbie Namaliu, and has said

it intends to increase govern-

ment holdings in big projects.

However, Senator Gareth

Evans, the Australian foreign

minister said PNC ministers

at an Australia-PNG ministe-

SIDDONS Ramset, the

**By Kevin Brown** 

Wingti was elected in July.

its stake in mining projects.

MR JOHN Akers, beleaguered chairman of IBM, the US computer company, has recalled two highly experienced former vice-chairmen to help the com-

lenging crisis.

He told senior staff late last IBM's statutory retirement age the company from January 1.

this year principally from the taken up posts in education, cost of successive waves of Mr. Rizzo as dean of the school redundancies as the company of business administration at attempts to match its over the University of North Caroheads to reduced business

about \$60n in 1993. whether they will continue The two former executives hold their academic roles.

frequently in recent years as pany through its most chall hold on to the expertise of its over the "segmentation" pro-lenging crisis. Mr cess at IBM, dividing the comweek that he had asked Mr. IBM World Trade for Europe, Paul Rizzo and Mr Kaspar Cas-Middle East and Africa before sani, both several years over his move to IBM's Armonk headquarters as vice chairman of 60, to become consultants to in 1988, was one of the first to have his tenure extended.

lina and Mr Cassani as first expectations. Last week Mr chairman of the Swiss business Akers said there would be a school formed from the merger further 25,000 job losses costing of IMI and Imede. It is not clear whether they will continue to

will act in an advisory capacity Mr Akers said that Mr Rizzo and will not become employees would work directly with him of IBM. in the US, while Mr Cassani IBM's rule on retirement has would work with Mr Renato been broken more and more Riverso, head of IBM Europe. It is expected that Mr Casthe company has sought to sand's advice is being sought

Cassani, who was chairman of pany into smaller, semiautonomous business units. Mr Cassani introduced decentralised decision-making while head of Europe long before the US followed suit

The appointments inevitably IBM lost money last year and Since retiring from IBM in throw up questions about the looks certain to do so again the late 1980s, both men have succession at the top of IBM. While Mr Akers has been criticised for IBM's problems, there has been no serious challenge vet to his authority either from fellow board members or investors. The new appointments will render Mr Akers less isolated but at the same time more protected from rival bids for his job.

30 to 40 per cent stake.

VW itself acknowledged last

night that links with Jax were in prospect but made no details available. Jax is currently the sole distributor for Renault, but has seen sluggish sales due to the

fall in consumer spending.

The company posted a pre-tax loss of Y968m (\$7.85m), on a 3.2 per cent fall in sales, for the six months to June, and overall borrowings totalled 91.6 per cent of its assets at the end of last June.

According to the Japan Automobile Importers' Association, imported car sales are expected to fall 8.7 per cent from the previous year to 180,000 units.

Correction

Revco

THE subscription price for shares in the Revco rights issue is \$8. The figure was incorrectly reported in the FT

December, 1992

# take stake in Japanese car importer

By Emiko Terazono in Tokyo

TRADING in shares of Jax. the importer and distributor of Renault cars in Japan, was suspended yesterday on reports that Volkswagen of Germany is acquiring a significant stake in the financially

troubled dealer group.

VW has been looking for an alternative network to replace a long-standing partnership with the Yanase car distribution group which is ceasing from the end of this year.

Renault, meanwhile, investigating the use of the Japanese sales network of its partner Volvo, with which it has cross-shareholdings.

Volvo has already expressed its readiness to help Renault. Volvo set up Volvo Cars Japan as a wholly-owned subsidiary in 1986, at about the same time as Renault was concluding its deal with Jax.

Australian hardware and fas-Tokyo-based Jax, whose shares are traded over the teners group, yesterday urged shareholders to reject competcounter, described the deal as ing hostile takeover offers from a "tle up", but reports suggested it would issue new BBA, the UK toolmaker, and Illinois Tool Works, the US shares for allotment to VW, engineering group. In a formal response to BBA. which will eventually hold a

Siddons said an independent valuation by Schroders Australia had valued the company's stock at between A\$2.60 and A\$3, representing a significant

premium to both offers. Mr Roger Flynn, managing

PLACER Dome, the Canadian

resources group, Minorco, the Luxembourg-based investment

company, and its parent, the

Anglo American Corporation

of South Africa, have bought

stakes in two leading copper

Minorco yesterday said Minera Mantos Minorco had

completed the acquisition of a

third of a big Chilean copper

project, Collahuasi. Minera

Mantos Minorco, a new com-

pany 50.1 per cent owned by

Minorco with the rest owned

by Empresa Minera de Mantos

By Leslie Crawford

projects in Chile.

Siddons Ramset urges bid snub director, said the A\$1.81 a rejected unanimously by the

PNG pledge steadies mining shares

SHARES in Australian mining do everything possible to the mine, which has been and it will certainly not help

cents.

Evans' statement. PNG minis- good for everyone to be bicker-

mously by the board. Mr Flynn said Pacific BBA "does not appear to be serious about its cash and paper offer", which has been overbid by a cash offer of A\$2 a share from W. A. Deutsher, an Australian subsidiary of Illinois Tool. He said Pacific BBA "must

restore investor confidence.

"The PNG government was

certainly interested in pursu-

ing more equity in at least

some of these projects (but had

undertaken that] under no cir-

cumstances would there be any

expropriation to achieve that."

Senator Evans said PNG

ministers at the conference

had acknowledged that "things

had got to an uncomfortably

high temperature," and were

keen to reach an accommoda-

Shares in CRA, the Austra

lian group which owns the

Panguna copper mine on

Bougainville island, rose 40

cents to A\$13.34 after Mr

tion with the industry.

he said.

decide soon whether they are up or out". However, ITW's offer was below the full value of the company and had been

Blacos, in turn controlled by

Anglo American, is to pay

about \$190m to acquire the

stake from Chevron, the US oil group. Royal Dutch/Shell and Falconbridge, share equally

the other two thirds of Colla-

Minorco believes Collahu-

In a separate deal, Placer

asi's start-up date will be

Dome has paid \$100m to Outo-

kumpu Copper Resources of

Finland for a 50 per cent inter-

est in the Zaldivar copper

deposit in the Atacama desert.

Placer Dome has also agreed to provide loan financing of up to \$400m towards the estimated

huasi deposit.

Investment in Chilean copper rises

share offer by BBA, made board. through its subsidiary Pacific Schroders estimated Siddons BBA, was totally inadequate total worth at between A\$120m

rial forum in Tasmania over ters had suggested that CRA ing through the media," he the weekend had promised to might not be allowed to reopen said. "It will not help anyone

closed by secessionist violence.

ied shares in the joint venture

partners in the Porgera gold

mine. which fell heavily follow-

ing PNG's announcement of

plans to increase its stake from

Placer Pacific closed three cents higher at A\$1.22, and

Renison Goldfields closed 12

cents higher at A\$2.80. High-

lands Gold, a PNG-registered

subsidiary of MIM Holdings,

closed one cent lower at 63

Mr John Kaputin, PNG for-

eign minister, indicated that

the government would tone

down future comments on the

mining industry. "It is not

10 per cent to 30 per cent.

The undertaking also stead-

and had been rejected unani-(US\$82.7m) and A\$139m. Pacific BBA's cash and paper bid values the company at A\$86m. The cash offer from W.A. Deutsher values it at A\$94m. Schroders forecast that Siddons' sales would increase to A\$188m this year from A\$168m

in 1991-92, while operating profit after tax but before abnormals and extraordinaries would rise to A\$7.1m from A\$3.2m. Siddons shares closed four cents higher at A\$1.96.

\$500m cost of constructing a

The partners expect to com-

plete Zaldivar's feasibility

studies by the middle of next year. If they decide to proceed

with the project, the mine is

scheduled to begin production

The acquisitions underscore

Chile's leading position as a

Mecca for mining multinationals. The Chilean Copper Com-

mission, Cochilco, estimates

mining companies will invest almost \$5bn before the end of

the decade to tap the country's

vast mineral wealth. Nowhere

else in the world are there so

in 1995.

mine and treatment facility.

### PT Astra chairman to quit

PT Astra International's chairman, who has been blocking the company's takeover by a group of leading Indonesian businessmen, will resign today. Reuter reports from Jakarta.

the value of the shares on the

The PNG government has

claimed that officials were mis-

led by the joint venture part-

ners about the profitability of

the Porgera project, which is

one of the world's largest gold

Mr Masket langalio, the min-

ing minister, has said that PNG restricted its holding to 10

per cent because the joint ven-

ture partners convinced the

then government that the mine

Porgera began production in

to produce about 900,000 oz of

gold a year until 1996, but is

likely to produce 1.4m oz in the

would be a marginal project.

stock market."

mines

The Soerydjaya family has been forced to sell its controlling stake in Astra, Indonesia's second largest private company, to bail out another family-owned company, the Summa Group, which has run up losses estimated at more

Analysts said Mr Sumitro Diojohadikusumo had become a stumbling block to bids for Astra by two consortia. One is led by timber tycoon Mr Prayogo Pangestu and the other by Mr Sumitro's son, Mr Hasjim Djojohadikusumo.

Mr Sumitro said earlier he preferred pension funds to buy the shares.

He sald Toyota Motor, the Japanese car maker which owns 51 per cent of Astra's main company, PT Toyota Astra Motors, was worried by the sale of 108m shares or 44.5 per cent of Astra to Mr Pray-

His consortium includes Mr Liem Sioe Liong, whose PT Indomobil Utama assembles Suzuki Motor vehicles and many projects close to fruition. | competes with Astra.

# PWA plans to issue new stock

By Robert Gibbons In Montreal

· gas auction

15 / 5

最高的 基本 法国主义

TRACTABLE

Canadian Airlines, has sent a draft restructuring plan to its senior creditors proposing to settle C\$506m (US\$397m) of claims by issuing new common

However, airline analysts are sceptical about the proposal, saying acceptance is unlikely unless American Airlines, which has offered to invest C\$246m for a 25 per cent interest in PWA, is fully committed on top of a Federal government and other aspects of the guarantee of C\$50m. But these

the airline's operating losses analysts say.

PWA, parent of struggling and heavy financial charges. The equity swap is the cenCanadian Airlines, has sent a took the first step in its freplece of a full corporate restructuring last month.

It suspended all the nonoperational payments, such as money owed to its lenders and equipment lessors, to conserve cash. The airline continues normally but capacity has been cut 15 per cent.

Last Friday Alberta and Brit-ish Columbia together provided a C\$70m loan guarantee

restructuring plan are in place, can support PWA's cash needs PWA, under the weight of only through mid-January,

> restructuring promised by PWA late in February. Mr Rhys Eyton, chairman,

> said that together with concessions offered by the 15,000 employees worth C\$200m over four years, PWA will be ready to complete the link-up with American Airlines. However, PWA has not explained how it would deal with American's condition that it switch com-

### **Procter & Gamble in Russian deal**

By Nikki Tait In New York

PROCTER & Gamble, the Cincinnati-based consumer products group, has reached an agreement which will lead to the manufacture of P&G deter-

gent products in Russia. some big US consumer product companies are delaying expan-

New Issue

situation there and lack of infrastructure. P&G stressed that the detergent deal does not have significant financial

implications. The agreement has been signed with PO Novomoskovskbytkhim, a state-owned The announcement comes as industrial complex at Novomoskovsk, about 130 miles south of Moscow. The agreesion plans in the former Soviet ment provides for P&G to Union because of the turbulent supply detergent formulations

P&G, whose detergent

This announcement appears as a matter of record only.

**SUNKYONG INDUSTRIES LIMITED** 

U.S.\$25,000,000

5% PER CENT. BONDS DUE 1997 WITH WARRANTS

ISSUE PRICE 100 PER CENT.

brands include Ariel, Mr Proper and Dash, has been selling products in St Petersburg for about a year through a joint venture with the university there. The products, however, are made in Europe and imported. Under the new agreement, the products will be made at the Novomoskovsk

NOTICE TO THE HOLDERS OF WARRANTS OF



Sumitomo Rubber Industries, Ltd.

U.S.\$100,000,000 5 per cent. Guaranteed Bonds Due 1996 with Warrants (the "Warrants")

Pursuant to Clauses 3 and 4 of the Instrument (the "Instrument") dated 25th July, 1991 relating to the above issue, notice is hereby given as follows:

Sumitomo Rubber Industries, Ltd. has made an issuance of Swiss Francs 200,000,000 23/4 per cent. Swiss Franc Notes due 17th December, 1996 with Warrants on 17th December, 1992 (Swiss time) at the initial Exercise Price of Yen 831 per share which is less than the current market price per share of Yen 856 calculated as provided in the Instrument.

As a result of such issuance and pursuant to Clause 3 of the Instrument, the Subscription Price of the Warrants has been adjusted from Yen 671 to Yen 668.90, effective as of 18th Decem ber, 1992 (Japan time).

22nd December, 1992

Sumitomo Rubber Industries, Ltd. By: The Sumitomo Bank, Limited as Principal Paying Agent

THE STARS PROGRAMME STARS 1 PLC £475,000,000 Class A Floating Rate Mortgage Backed Securities 2029

Notice is hereby given that the Principal outstanding on the subject issue for the interest period December 29, 1992 to March 29th, 1993 will be £326,450,000.00.

The Principal amount outstanding for each note remains at £10,000. Docember 22, 1992, London
By: Cifibank, N.A. (Issuer Services), Agent Bank

CITIBANC

MONEY MANAGEMENT

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Use Money Management to your advantage.

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£3.75

This announcement appears as a matter of record only



\$290,000,000 Resinas Lineales, Resilin, C.A.

Limited Recourse Financing for a Polyethylene Facility in El Tablazo, Venezuela

The undersigned acted as financial advisors to CETIC, a project sponsor, and ABB Lummus Crest, the turnkey contractor, and assisted in developing and structuring the transaction, as well as syndicating the debt.

ABB Project & Trade Finance

U.S. \$200,000,000

**B.B.L.** International N.V.

Floating Rate Notes Due 2001 Guaranteed on a Subordinated Basis as to payment of principal and interest by

Banque Bruxelles Lambert S.A./ Bank Brussel Lambert N.V.

Interest Rate

Interest Period

3.7375% per annum 22nd December 1992

22nd June 1993 Interest Amount due 22nd June 1993 per U.S. \$ 10,000 Note U.S. \$ 188.95 per U.S. \$250,000 Note U.S. \$4,723.78

> Credit Suisse First Boston Limited Agent

U.S. \$165,000,000 Parkdabrea Finance Corporation Guaranteed Floating Rate Bonds due 1998

Bondholders are edvised that for the six months Interest Period from December 22, 1982 to June 22, 1993 the Bonds will carry an interest rate of 31% will carry an interest rate of 31% per annum. The amount payable on June 22, 1993 will be U.S. \$199.06 per U.S. \$10,000 principal grount. \$10,000 principal amount. By: The Chase Manhattan Bank, N.A. London, Agent Bank December 22, 1992

22nd December 1992 22nd March 1993 Interess Period Internet Amount dut

22nd March 1953 per U.S. \$10,000 Note U.S. \$131.25 per U.S. \$50,000 Note U.S. \$656.25

U.S. \$150,000,000

MARINE MIDLAND

Floating Rate Subordinated Notes Due 2009

Credit Suisse First Boston Littified Agent

Barclays de Zoete Wedd Limited Daiwa Europe Limited

Daewoo Securities Co., Ltd.

**Chemical Investment Bank Limited** 

Nikko Europe Plc

**Bayerische Vereinsbank Aktiengesellschaft** Korea Development Securities Co., Ltd. Swiss Bank Corporation

Ssang Yong Investment & Securities Co., Ltd.

**Sunkyong Securities Limited** J. Henry Schroder Wagg & Co. Limited Kleinwort Benson Limited

> Baring Brothers & Co., Limited Daeyu Securities Co., Ltd. Hanshin Securities Co., Ltd. J.P. Morgan Securities Asia Ltd. **Tong Yang Securities Europe Limited**

### INTERNATIONAL CAPITAL MARKETS

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY

Dec 18 Dec 17

# German prices rise on interest rate hopes

By Sara Webb in London and Patrick Harverson in New York

GERMAN government bond prices rose on hopes of lower interest rates after Mr Theo Waigel, the finance minister, was quoted in the press saying that a cut in interest rates would be the most effective single measure to revive the

German economy.

The Liffe bund future contract crept up from 91.77 to a high of 91.97 before ending the

### GOVERNMENT BONDS

day at around 91.95, but volume was low at about 9,500 contracts.

Two of the German states reported their inflation figures for the month to mid-December vesterday. The cost of living in Bavaria climbed 0.2 per cent in the month to mid-December from mid-November, giving a year-on-year rise of 4.0 per cent. In Baden-Württemberg, prices rose 0.2 per cent in the month, giving a year-on-year increase of 3.5 per

Last week, Hesse announced a 0.2 per cent rise month-onmonth, giving a year-on-year

		Coupen	Red Date	Price	Change	Yield	Week ago	Monti ago
AUSTRALI	Α	10 000	10/02	106.8085	-0.004	8.94	8.84	8.8
BELGIUM		8.750	06/02	104.8500		7.98	8.00	8.0
CANADA '		<b>8.500</b>	04/02	103.3000	+0.250	7.99	8.06	8.0
DENMARK		9.000	11/00	39,1900	-0.500	9.16	8.86	8 8
FRANCE	ETAN QAT	8.500 8.500	03/97 11/02	100.8844 101.5750	+0.139 +0.110	8.22 8.25	8.22 8.23	8.00 8.10
GERMANY		8.000	07/02	104.3700	+0.070	7.34	7.41	7,3
ITALY		12.000	05/02	93.9000	+ 1.200	13.58†	13.60	13.4
JAPAN	No 119 No 145	4.800 5.500	06/99	101,3556 105,8385	+0.050 +0.057	4.53 4.60	4.55 4.64	4.5 4.8
NETHERLA	NDS	8.250	06/02	105.5200	+0.090	7.41	7.46	7.4
SPAIN		10 300	06/02	88.0000		12.50	12.43	12.4
UK GILTS		10.000 9.750 9.000	11/96 08/02 10/08	108-28 108-22 102-21	-2/32 -2/32 -8/32	7.35 8.43 8.69	7.34 8.37 8.64	7.1 8.3 8.7
US TREAS	URY -	6.375 7.625	08/02 11/22	87-24 102-21	+ 11/32 + 10/32	6.69 7.40	6.81 7.44	6.8 7.5
ECU (Fren	ch Govti	8.500	03/02	98,1450	+0.110	8.80	6.81	8.6

increase of 4.2 per cent.

■ ELSEWHERE in Europe, French government bonds closed slightly higher as pressure on the French franc eased slightly in the foreign exchange markets.

dents.) Pricos: US, UK in 32nds, others in decima

The Bank of France left the intervention rate unchanged at 9,10 per cent at its securities repurchase tender, but kept market conditions tight by draining FFr2.4bn in liquidity from the system.

The 81/2 per cent bond due 2003 opened with a yield of 8.29 per cent and ended at 8.27 per cent. On the Matif futures exchange in Paris, the March bond futures contract rose from 111.12 to 111.30 although volume was light ahead of the Christmas holiday.

■ After a lacklustre start, US Treasury prices posted solid gains in thin trading yesterday morning as the market prepared for the week's note auc-

100.0 102.8 tions. By midday, the bench-

Tener . Dec 21 Dec 18 Dec 17 Dec 16 Dec 15 age #Agh." Low"

93.73 93.67 93.57 93.50 86.54 95.54 109.02 108.96 108.61 108.76 96.91 110.26

Securities 15 10/25; Fixed Interest 1928. Securities high since complisation:127.40 (3/1/25 ) , few 49.18 (3/1/75 ) compligator: 119.26 (12/11/92), low 50.53 (3/1/75 )

Dec 16

mark 30-year government bond was up 1 at 1023, yielding 7.387 per cent. Prices were also firmer at the short end of the market, where the two-year note was trading is higher at 100 is, yielding 4.572 per cent.

The lack of fresh economic news meant that attention was . focused on forthcoming supply. Today, the Treasury will sell \$15.5bn in two-year notes, and tomorrow another \$11,25bn will be raised from the sale of five-

Many of the market's players have closed their books for the end of the year, so traders are expecting demand for the new paper to be relatively weak, which could push up rates in the short-term.

**■UK GOVERNMENT bonds** drifted lower in very thin preholiday trade, with the Liffe

dation and no beneficial owner.

By comparison, a recently

completed \$57.5m 21/4-year loan

gilt future slipping to 99.17 from 99.23.

■ JAPANESE government bonds closed firmer. They were given a lift by some buying interest from some of the agricultural institutions, dealers

Trading volumes were thin and the yield on the bench-mark No 145 JGB ended at 4.6 per cent, having moved in a range of 4.595 to 4.61 per cent. The March futures contract moved in a range of 107.54 to 107.65, and ended at 107.59 against its close of 107.58 on

The Bank of Japan said money supply shrank 0.5 per cent in November from a year earlier. This compared with a 0.6 per cent fall in October.

The figure was in line with

### Nomura takes punitive action

By Emiko Terazono in Tokyo

NOMURA Securities, Japan's largest stock broker, announced punitive measures for its top executives over the company's questionable sales of asset-backed securities to retail investors.

Mr Hideo Sakamaki, presideni, will receive a 20 per cent salary cut, and Mr Tadashi Takubo, senior managing director, faces a 10 per cent pay cut, both effective for one year. Mr Atsushi Salto, who headed the international sales unit, was demoted from senior managing director to managing director.

Nomura said it received a written warning from the ministry of finance last week, for breaching industry regulations, which require brokers to warn investors of risks involved in investment prod-

Nomura last month admitted it had failed to warn retail investors, when selling its US real estate-backed bonds. The broker has compensated Y23bn (\$185m) to more than 10,000 clients who had incurred losses on the securi-

### Fund based on Brazilian debt

**By Richard Waters** 

THE range of structured funds aimed at investors who want a geared bet on Latin American debt has been expanded this week by what is thought to be the first based on Brazilian debt instruments.

Morgan Grenfell, the UK merchant bank, has created two tranches of debt based on Brazilian IDU bonds, with a total face value of \$100m. The bonds trade at about 60 per cent of face value.

Morgan is selling \$35m of senior notes, based directly on IDU bonds, and \$25m of junior notes, geared instruments which give about three times the exposure to the bonds than would be gained by investing

# World Bank plans two global issues in the new year

By Brian Boilen

THE World Bank is planning two global bond issues in the first few weeks of 1993. The bank is looking at the 30-year end of the yield curve for its next global US dollar issue, early in the new year, said Ms Jessica Einhorn, the bank's treasurer, probably to raise a maximum of \$1.5bn.

The bank is also planning its first global D-Mark issue, to raise about DM3bn, for the end of January or early February.

### INTERNATIONAL BONDS

The bank is considering including a feature allowing the dollar bonds to be stripped of their coupons, which would then be sold as a separate series of zero-coupon issues.

"The consensus view is that this would make it more marketable to investors," said Mr Kenneth Lay, the bank's director of financial operations.

The bank plans to use the global structure for all future large transactions, whatever the pattern of international demand at the time of issue, said Mr Lay.

Now halfway through its fiscal year, the bank is reviewing its borrowing programme for 1992-93

Of the original \$13.5bn target, about \$7bn-equivalent has been raised.

Landeskreditbank Baden-Wiirttemberg (LKB) has established a \$1bn Euro mediumterm note programme as part of its plans to increase its borrowing on the international capital markets.

The bank, which has an explicit Baden-Württemberg state guarantee and a triple-A debt rating, plans to raise DM7bn to DM8bn internationally in 1993, up from DM5bn this year, said Ms Gertraud Foos-Olsson, deputy director of the bank's new issues and derivatives department.

LIFFE EQUITY OPTIONS

This will account for about half its total borrowing requirements of DM15bn to DM16bn, with the rest being raised domestically, Ms Foos

Olsson said. The bank plans to tap the Eurodollar bond market at least twice next year for up to half the total, and make at least two large benchmark issues in the international D-Mark market to raise \$1.5 to

LKB also regards French francs and Euroyen as currencies where it should borrow at least once, and does not rule out further issues in currencies where cheap funds are available, in addition to its strategic programme. A trip to the samurai market for around Y25bn

is lightly pencilled in.
The Euro-MTN programme allows for the issue of paper in a wide range of currencies with maturities between one month and 30 years and was arranged by Merrill Lynch International There are nine other banks acting as dealers in addition to Merrill Lynch, including three

from Germany. LKB's preferred minimum maturity under the programme will be two years, and the bulk of borrowing under the programme will be in the five to 10-year range, Ms Foos-Olsson said. The programme will also be used to make small, opportunistic Eurobond issues and possibly for longer term subordinated debt.

It does not exclude setting up a global programme in the next two to three years, but feels that its borrowing needs are not large enough, and prefers to keep its Eurobond and yankee bond programmes sepa-

LKB expects to sign in February a \$750m US MTN programme, which it plans to use for longer maturities. That programme is being arranged by Morgan Stanley, which will be joined as a dealer by Merrill Lynch, JP Morgan and Salomon Brothers.

• The Japanese Ministry of Finance is likely to lower the minimum credit rating for corporate issuers of straight and warrant bonds, to BBB from the current A, further broadening the pool of potential issu-

# Italians pay the price in post-Efim market

By Brian Bollen

ITALIAN borrowers are returning to the international syndicated loan markets, but in some cases are having to pay more for their funds as a result of the recent Efim affair.

Efim, the Italian state holding company, was put into voluntary liquidation in July, and bankers are still waiting to receive their money back.

### SYNDICATED LOANS

Italian borrowers were absent from the international syndicated loans market while bankers lobbied the Italian authorities for a commitment to repay Efim's debts in full. The Italian authorities even-

tually agreed to repay the

However, some Italian bor-

syndicated credits have found they are paying double what they would have paid before the Elim affair.

In addition, bankers claim the Efim affair has forced them to examine Italian companies' balance sheets more closely. They expect only the top tier of Italian borrowers to participate in the syndicated loans market in spite of the fact that a number of Italian names have heavy borrowing requirements.

The market is still struggling to find the proper pricing level. Monte dei Paschi di Siena (MPS) attracted some attention last week with an Ecu50m, 10year facility for its mortgage lending subsidiary, Monte Paschi Fondiario e Opere Pub-

Led by Hill Samuel, Bayerische Landesbank, Italian International Bank and Monte del Paschi, the deal carries a

over the London interbank offered rate (Libor) for the first five years, rising to 57% basis points over Libor thereaf-

The pricing was described as aggressive by some bankers. A similar deal for MPS, signed in January this year, started at 47.5 basis points over Libor for five years, rising to 50 basis points for the final five years. The premium of 5-71/2 basis points is considered by some bankers to be too low in the wake of the Efim affair.

While the 261/4 basis points commitment fee and front-end fees ranging from 20 to 35 basis points make the all-in yield around 60 basis points, bankers maintain this is not generous enough, and many would have been happier if MPS had not been looking for such long-term funds. MPS has the status of a foun-

for Isveimer, the state-owned development bank for southern Italy, carried a margin of 50 basis points over Libor and offered front-end fees of up to 60 basis points for a more generous all-in yield of around 70 basis points.

Before the Efim affair the margins that Isveimer was paying were lower though on a rising trend. At the end of 1990, for example, it was paying 25 to 271/2 basis points over Libor for seven-year money. The pricing on its latest facil-

ity, arranged by Chase Manhattan, was dictated by the borrower's recent \$150m five-year floating-rate note issue. That offered investors 75 basis points over Libor and a put option every six months in

an attempt to overcome fears

about investing in Italy.

and generous yield, the loan was not a success. The syndicate is complete, but only one of the six banks joining Chase is not Italian. Bankers warn against read-

ing too much into the success of Flat's recent five-year revolving credit, which was increased to \$800m from the original \$500m. ■ Vattenfall, the Swedish electricity producer and distribu-

tor, announced its debut in the international capital markets with a \$750m multi-currency Eurocommercial paper programme established through Swiss Bank Corp, the arranger. SBC is joined as a dealer by Deutsche\_Bank, Lehman Brothers, JP Morgan and Skandinaviska Enskilda Banken. Funds are described as being

mainly for working capital, bridge financing and liquidity reserve purposes.

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### **COMPANY NEWS: UK**

# Shares rally as rationalisation programme continues

# Lasmo cuts N Sea holdings

By Deborah Hargreaves

Bank plandobal issues
new year

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LASMO, the independent oil and gas exploration company, announced the sale of \$145.5m of assets in the North Sea and Indonesia yesterday, taking the value of disposals this year to \$1.5bn (£980m):

The company agreed to sell company its 8.52 per cent interest in the ratio by T-block fields in the North Sea Analysts to a subsidiary of Murphy Oil corporation in the US for cent.

Indonesia as part of a programme of rationalising its asset portfolio and selling off many of the peripheral devel-opments it acquired with the takeover of Ultramar a year

The company indicated yesterday that it will continue its disposal plans next year when

**Shandwick** 

granted new

Bankers to Shandwick, one of

the world's largest public rela-

tions agencies, have agreed to extend facilities to the com-

facilities

By Richard Gourlay

more than \$150m. Lasmo sold off Ultramar's downstream refining interests for 20 years and all our explo-

chairman, said the latest asset we just won't do them," Mr disposais will reduce the Greentree said. company's debt to equity ... Lasmo has built in a price of gearing level to be about 85 per plans next year.

would not cut its dividend in spite of weak oil prices and high-capital expenditure. The shares rose 9p to 151p.

Mr Greentree said the company will cut its capital expenditure by 35 per cent next year production at the company from £132m to £90m against a to grow by 40 per cent up background of weak oil prices. to 1996: "which means the

"The oil price is at its lowest in North America earlier this ration and production and year for \$1.13bn. development projects have to Mr Chris Greentree, Lasmo's meet low oil price criteria or development projects have to

ratio by some 10 per cent. \$19.50 per barrel for an average Analysts estimate Lasmo's oil price on which to base its Lasmo shares have been

\$100m. The company's shares were extremely weak in recent it also sold other smaller stronger yesterday as the City mouths as the City became interests in the North Sea and renewed its hopes that Lesmo concerned about this year's mcovered dividend and persistent rumours about problems the company had uncovered at

But Mr Steve Turner at Smith New Court expects oil Lasmo will also slash its devel- company can grow out of



its financial difficulties," he

Lasmo's Chris Greentree

Lasmo says its oil output rels a day (b/d) to 190,000 b/d

will increase from 185,000 har-

## Culver offer for DG Durham

By Angus Foster

of DG Durham, the insurance group whose shares were suspended on the USM in Octo-

pany until the end of January Cuiver will also make an Mr John Huckle, Shandwick finance director, said the early renewal of the facility, which was due to expire next March, provided a "positive" atmo-

sphere for the group's recovery. The facility amounts to £69m at current exchange rates in sterling and foreign curren-

Shandwick's shares price collapsed from 149p a year ago after the group severely disappointed with its results and breached some of its banking

covenants. Yesterday the shares recovered 1%p to close at 9%p. Mr Huckle said Shandwick had been able to prove that cash flow was stronger than

CULVER Holdings, which was formed to make a recommended offer for Wyndham Group in July last year, is to buy the operating subsidiaries

offer of one new Culver share for every five Durham shares. The offer, equivalent to 0.8p per Durham share, values the whole company at £160,000.

However, because Culver does not want to be liable for Durham's borrowings of £1.4m or certain outstanding legal claims against the company,

Culver will sell on any shares acquired under the offer to Masterglobal, which already owns 51 per cent in Durham. Mr John Biles, the largest shareholder in Culver with 27

per cent, also controls Durham through a 74 per cent stake in Masterglobal. Two other Culver directors are directors of Durham. The acquisition and offer

need approval from independent shareholders from both companies. Durham's independent directors and financial adviser Guiness Mahon will recommend the offer. Culver's offer is being made by Credit Lyonnais Laing. Culver will pay up to

\$262,000 for Durham's operat ing subsidiaries, which include Accident & General, a travel insurance broker. Culver, which owns Honda and BMW franchises, intends to inject the subsidiaries into a new insurance division. Before the proposals were

announced, Durham had been unable to file accounts because its bankers, Barclays, refused to confirm the availability of continued facilities. The accounts were filed yesterday, showing a pre-tax loss of £4.29m in the 15 months to March 31. Durham's shares are due to

resume trading on the USM today. They closed at 4p before

# High-Point cuts debt by disposal

by £1.7m through the sale of tax loss of £391,000. Transportation Planning Associates to Oscar Faber.

Consideration is £950,000 cash and the discharge by Oscar Faber of all TPA's debts amounting to £1m. In the year ment in October

High-Point is reducing net debt to May 31 TPA incurred a pre-Projections show a continued breach of covenants on borrow-The sale is in line with the ing facilities, and the loan policy of disposing of businesses outside mainstream

facilities are technically repayable on demand. activities and follows the sale. The hoard believes that tradof Rendel Science & Environing for the current year will

# Regrouped and ready for the fray Robert Peston on NatWest's investment banking arm

ATIONAL WESTMINSTER Bank's challenge he has set himself should not be products. These clients make up 80 per injustory in investment banking has underestimated. history in investment value and been littered with disappointed

hopes. Since the London stock market was deregulated in 1986, it has been embroiled in two financial scandals, it has consistently made losses or poor financial returns and a series of senior executives

have quit. However, Mr Martin Owen believes the curse has been lifted. In June he became chief executive of NatWest Markets, which is a new division of NatWest combining its investment bank with that part of the commercial bank serving big com-

"All of NatWest Market's businesses are forecast to be in profit in 1993, even after full absorption of costs", he said in his first interview since taking the helm.

The aim is for the business as a whole to make pre-tax profits equal to a 14 per cent return on capital, in addition to the risk-free return on the capital. He said that means it is intended to make between 15 per cent and 17.5 per cent in

His confidence stems from the six months review of the businesses which he has recently completed. Nonetheless, the securities and investment management

If NatWest was brave - some would say foolhardy - to enter securities trading in the first place in 1986, it is now being even braver by integrating its securities and investment banking activities with its lending activities.

In the process, it has created a huge new hybrid institution, with capital of 23bn and assets (loans and securities) of £65bn. By contrast, its main UK rival, Barclays, has combined foreign exchange and treasury operations with its investment bank, Barclays de Zoete Wedd, but balked at including corporate lending in the new

Lending bankers are widely regarded in the City of London as undesirable bedfellows for the more highly paid - and some would also say "more highly strung" -investment bankers. Institutions attempting to integrate them have typically faced difficulties, because they have different business time horizons (the investment bankers generally have a short-term deal-

ing mentality). Nonetheless, NatWest Markets has appointed 40 senior managers - called service originators - to talk to corporate clients about the full range of lending,

In the process of merging the commercial banking and investment banking operations, certain overlaps have been identified. So in the next few months a couple of hundred jobs will go from

NatWest Market's current tally of

Last week, 50 jobs were lost in the global custody - or share registration operations in Bristol and 70 people are going because of the decision to give up a seat on the Tokyo Stock Exchange.

The review has also involved an element of "rebranding", at a cost of less than £500,000. A small design company, Ingleton Thomas, has invented a new logo, incorporating the initials,

In addition, County NatWest Ventures' name is being changed to NatWest Ventures, to match the name change of the equities trading operation.

Mr Owen has also belatedly recognised

the value of the name, Wood Mackenzie, which is the name of a broker it acquired after Big Bang. Its corporate stockbroking business, providing advice to companies on share issues, is being renamed NatWest Wood Mackenzie.

### **Brokers** Whitefriars closed by **Bikuben**

By Richard Waters

WHITEFRIARS, the UK stockbroker acquired by Danish savings bank Bikuben in 1990, has been closed, in the process leaving 90 small British and Irish companies without a proper market in their

Almost all of the 100 compa nies in which Bikuben-Whitefriars had made a market are now covered by only one secu-rities house. Unless another market maker comes forward, they will be forced on to the London Stock Exchange's recently-created Seats market for illiquid companies.

Cut-backs in small company market making over the past few months by large securities houses in London have already left 144 companies on Seats.
The closure of Whitefriars, with the loss over the coming weeks of 25 jobs, follows financial losses over the past three

The total cost to Bikuben, including buying the firm, absorbing its losses and closing it, will come to under £5m, the bank said.

Following the signing of a Memorandum of Understand-ing between the UK and Danish securities regulators, Bikuben will carry on its institutional equity and bond broking business, as well as its private banking operation, from a newly-created branch in London, rather than a separate company.

### OIS £15m offer comfortably oversubscribed

By Matthew Curtin

INVESTORS oversubscribed by 20 per cent for the 30m shares in OIS International Inspection, the technical inspection services group to be listed on December 30.

Mr Michael Sawbridge of Neilson Cobbold, the sponsor-ing brokers, said the £15m offer was "comfortably oversubscribed". Private investors had taken up £4m worth of the 50p shares, the remainder was taken up by institutions, led by Friends Provident with a 20 per cent stake.

OIS's holding company would use the money raised from Adia, the Swiss employment group busy divesting itself of its non-core interests.

The outstanding 24 per cent interest in Cadmus, which provides courses for layers for to Senteral and 1000 and 10 from the listing to buy OIS OIS would use the £4m to eliminate most of its long-term debt and help finance the purchase of new offices in Aberdeen.

OIS is expected to report a small decline in pre-tax profit to £1.58m (£1.68m) on lower turnover of £45m (£47m) in the year to end-December.

Mr Sawbridge said Neilson Cobbold forecast improved profits in 1993 – a detailed forecast would be made in January - because cashflow would be boosted by the reduction in gearing to about 5 per cent, new long-term management contracts, and stream-

lining of the UK offices. OIS, which specialises in safety, quality and environmental testing of industrial installations, was at an advanced stage of talks with two big clients, who were replacing their in-house inspection teams.

OIS already boasts BP, Shell and British Gas among its corporate clients.

# Lucas sells division to Danish group for £30m

By Angus Foster

aerospace components maker and pneumatic equipment such which plans to raise \$100m through disposals by next August, yesterday announced the sale of its fluid power systems division to Sophus Berendsen of Denmark.

The division is the largest of four put up for sale by Lucas in October in an effort to focus on core businesses, following a sharp fall in profits and mounting bid rumours.

It has net assets of £20m-£25m and the sale price, although subject to final due diligence, is thought to be about £30m.

Mr Bernard Carey, director of communications at Lucas. said the company was talking with other potential buyers for the outstanding three divisions. "We are finding interest in all the nominated busiLucas' fluid power systems

LUCAS industries, the car and division distributes hydraulic as valves and pumps to the construction and agricultural sectors. It employs nearly 1,000 people with annual sales of more than £100m.

Berendsen is best known for its 55 per cent stake in environmental services company Rentokil. It has been involved in fluid power distribution since the late 1970s and is one of Lucas's main competitors in the important US market. Berendsen also has interests in the textile rental and laundry mar-

ket, especially in Denmark. Mr Hans Werdelin, chief executive officer, said the two companies' fluid power divisions fitted well together. The acquisition would strengthen Berendsen's value added distribution network, he said. The US and Canada accounted for

fluid power sales last year, while Berendsen saw the US as its most important market out-

side Scandinavia. The consideration was cautiously welcomed by analysts, although one pointed out that Lucas was selling at the bottom of a recovering market. The shares fell lp to 131p; ahead of the October announcement, which coincided with news of 4,000 job cuts and an uncovered dividend. the shares fell below

The three remaining businesses for sale are Lucas Autocentres, a specialist car repairer, as well as an aircraft windows factory and a missile casings manufacturer

Mr Carey said negotiations for one of the sales "were progressing faster than the others", but he said no sales were

Moody's cuts

### Extra time for banks debt rating for responses to Isosceles

By Maggie Urry

SOME MEMBERS of the 38 strong banking group which has loans of £1bn to Isosceles, the parent of the Gateway food retail chain, have been given extra time to respond to the company's request for a standstill on interest and capital repayments.

Responses were due to be delivered by this morning, and an Isosceles board meeting was scheduled for this afternoon to approve the standstill.

However, overseas banks <u>have been allowed an extra</u>

day to reply, delaying an announcement that an agree-ment has been signed until at least tomorrow.

Pressure is on the company and its lenders to come to an agreement before Christmas, as suppliers are nervous of extending trade credit to the Gateway chain while its future remains uncertain.

Followers of Isosceles recall that details of its first financial restructuring were posted to shareholders on Christmas Eve

**GPA Group** By Tracy Corrigan

GPA Group, the Irish aircraft leasing company struggling to restructure its finances, suffered a further blow to confidence when Moody's rating agency cut its debt rating from Ba2 to B1.

Moody's said the cut reflected uncertainty over the outcome of restructuring and the depressed condition of the airline industry. The \$1.8bn in debt affected had already fallen below investment grade.

**COMPANY NEWS IN BRIEF** 

AAF INDUSTRIES has and Carlsberg to the extent acquired Stamford-Pickard (Holdings) for a maximum £1.075m, comprising an up-front payment of £600,000 and a deferred payment based on profits for the year to March 31 next. A total of 372,671 shares will be issued in connection with the initial payment which will be renounced and placed in the market at 161p a share. together with a placing for cash of 850,000 new shares.

ABBOT MEAD Vickers has acquired Clarke Hooper Consulting and Owls Design, which are the main English operating companies of Clarke Hooper.
BPP HOLDINGS is acquiring

about £230,000, satisfied by £147,000 cash and the issue of 35,360 shares.

BARR & WALLACE Arnold has arranged a sale and leaseback arrangement on the Bur-lington Hotel, Eastbourne, for approximately £3.5m. At the same time the company has been granted a 25 year full repairing lease from the pur-

chaser.

RURBORD HOLDINGS has sold the freehold interest in Gate House, Harlow, comprising 14 shop units and an office building of 33,000 sq ft, to a private company for £4.8m cash. In the company's balance sheet at December 31 1991 the property was held at £5m. CARLSBERG-TETLEY: the DTI has accepted statutory undertakings from Carlsberg-Tetley to remedy expected adverse effects of the competition identified by by the Monopolies Commission. The undertakings follow the lines of those

already given by Allied-Lyons

that they are relevant to the joint venture.

COSALT has sold the stock and assets of Abbey Caravans to Swift Group for £627,498 cash; £157,723 was paid at completion, a further £24,923 on December 18 and the remainder will be payable in equal instalments on January 15 and March 15 1993. EIT GROUP is holding talks on the disposal of its third party

maintenance business carried on through its subsidiary Sysmatic. Offers in the region of £2m have been received and detailed negotiations are expected to be concluded before the end of the year. GLASGOW INCOME Trust

consist of three interims of 0.6p and a final of at least 0.95p. INCHCAPE has acquired the Canadian testing and certification operations of Warnock to June 30 compared with loss

from SNC-Lavalin. In the UK, Albury Laboratories (known as ATL Albury) has been acquired from Amtac Laborato-ries. Both businesses are involved in safety and performance testing of electrical goods and other manufactured items. The aggregate consideration for the acquisitions was

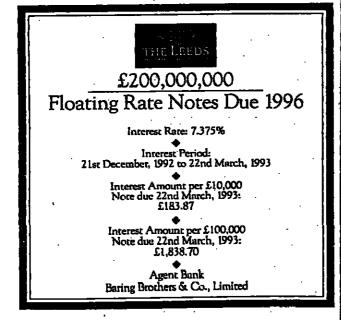
about £7m.
INTERNATIONAL Distillers & Vintners, the drinks sector of Grand Metropolitan, has agreed with the Ugandan Development Corporation, a government development agency, to buy UDC's 51 per cent share of East African Distilleries.

WORTH INVESTMENT Trust: Net asset value per share at to September 30 1993 would not at March 31). Net income for be less than 2.75p, and would half year £3,000 (£84,000 losses) and earnings per share 0.01p

(0.27p losses) VIZCAYA HOLDINGS: Pre-tax loss of £77,080 for the 6 months Hersey, together with the majority of its US operations, were 0.14p against 0.20p.

### **PUBLIC WORKS LOAN BOARD RATES**

Quota loans' Over 1 up to 2 Over 2 up to 3 Over 3 up to 4 Over 4 up to 5 Over 5 up to 6 Over 6 up to 7... Over 8 up to 9 Over 10 up to 15 ..... Over 15 up to 25 ..



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### SINGAPORE

The FT proposes to publish this survey on

March 1 1993 For further information telephone Samantha Telfer 071-873 3050 Fax: 071-873 3595

OI Sarah Pakenham-Walsh (Hong Kong office) (852) 868 2863

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(852) 537 1211

FT SURVEYS

### COMPANY NOTICES

PB NIHON FSC, LTD.

a Bernada company, is available to enter into leasing transactions, as leasor, with respect to U.S. manufactured property to be used outside the U.S. If interested, please

PB Nihon FSC, Ltd. c/o Coden Services, Ltd. Charendon House Charch Street Hamilton, Bezmada

PB NIKKO FSC, LTD.

a Bermuda company, is available to cater into leasing transactions, as lessor, with respect to U.S. manufactured property to be used conside the U.S. If interested, please

PS Nikko FSC, Ltd. c/o Codan Services, Ltd. Clarendon House Chesch Street

TOWER FSC, LTD.

s Bermada company, is available to enter into lessing transactions, as lessor, with respect to U.S. manufactured property to be used outside the U.S. If interested, please

Tower FSC, Ltd.
c/o Coden Services, Ltd.
Clauseden House
Charles Services
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US\$ 150,000,000 Floating Rate Notes due 1997 In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from December 18, 1992 to June 18, 1993 the Notes will carry an Interest

Rate of 41/2% per annum. The Interest Amount payable on the relevant Interest Payment Date, June 18, 1993 will be US\$ 113.75 per US\$ 5,000 Note, US\$ 2,275 per US\$ 100,000

Fiduciary Issue by Kredietbank S.A. Luxembourgeoise

to fund a loan to be made by it to

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RATE NOTES DUE 1995 Notice is hereby given that for the interest period from 21 December 1992 to 21 June 1993, the rate of interest will be 5.00% per annum. The interest payable on the 21 June 1993 will be Yea 249,274 per each Yen 10,000,000, Note

The Missai Trust and Banking Co., Ltd., Loodon

Italian International Bank Plc US\$ 45,000,000 Subordinated Floating Rate Notes due 1996

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from December 18, 1992 to June 18, 1993 the Notes will carry an Interest Rate of 3 15/16% per annum and the Coupon Amount per US\$ 10,000 principal amount of Note will be US\$ 199.06.



Istituto Bancario San Paolo di Torino S.p.A.

London Branch

US\$ 150,000,000

**Floating Rate Depositary Receipts due 1997** In accordance with the Conditions of the Receipts, notice is hereby given that for the Interest Period from December 18, 1992 to June 18, 1993, the Recepts will carry an Interest Rate of 3.90625 %

The Coupon Amount payable on the Relevant Interest Payment Date, June 18, 1993, will be US\$ 987.41 per Receipt relating to a Deposit of US\$ 50,000 and US\$ 4,937.07 per Receipt relating to a Deposit of US\$ 250,000.

per annum.



The Agent Bank

# Sweet smell of success from the right product mix

### Matthew Curtin looks at Thorntons' strategy for overcoming seasonal sales variations

provide immediately accurate

has special meaning for Thorntons because the chocolate maker and retailer derives nearly a third of its yearly turnover from Yuletide

A box of Thorntons Continental chocolates has a shelflife of three weeks, an indication of the disaster lurking if the group does not judge the Christmas market accurately.

Thorntons' dependence on ated by the fact that another 25 per cent of turnover comes at Easter, Mothers Day and Valentines Day.

Turnover for the year to end-June amounted to £84.3m. Seasonal factors are aggravated by the group's susceptibility to the weather, which if bad keeps people off the streets and away from Thorntons' champagne truffles, hazelnut pralines and special toffee.

Mr John Thornton, chairman, is one person who is not dreaming of a white Christmas. Christmas sales will be strong, he says, "as long as it doesn't

The group earns three quarters of its revenue from Thorntons' 395 shops and franchises on Britain's high streets. They have to woo pedestrian traffic which has declined in recent years because of the recession and the move away from high street retailing to superstores.

Thorntons sensitivity to these factors was amply dem-onstrated in the last financial

Mr Thornton attributes some of the blame for a disappointing 23 per cent fall in pre-tax profit - from £11.9m to £9.2m to unseasonally hot weather in May and June.

"People don't buy chocolate when it's 80 degrees," he says. The company was also hit by its decision not to absorb the VAT increase. It tried to push up volume to compensate but failed. In addition to the general recessionary climate, high street rents increased and Easter sales were upset by the

general election in April.

Thorntons' growth and profitability in the 1990s will depend on the success of the different strategies it has undertaken to cope with the idiosyncrasies of the UK chocolate business, not only at

Mr Thornton says the group is striving to improve the way it manages stock to ensure "stock does end up in the right place at the right time". It recently installed a computerised stock accounting system whereby shop staff input sales information into hand-held terminals connected to Thorntons' main factory near Derby. The group is also planning to

introduce electronic point of

sales scanning equipment, to

pricing and stock taking by reading product bar-codes, in the near future.

Thorntons has techniques of its own for combating the Christmas sales onslaught. It aims to sell out of its speciality Christmas products well before December 25, relying then on seasonally packaged chocolates and "seasonalised" products. The latter are ordinary

Thorntons ranges which can be taken out of their Christmas wrapping for sale in the New Year without losing their

Mr Thornton adds that should sales be overestimated, product can be held back at the factory where it will last longer in cold storage.

auging the progress of Christmas sales is dif-ficult but initial indications are that response has been good to this year's Christmas advertising campaign. The relaunch of Thornton's Continental chocolate boxes lifted sales, and the launch of the Select collection in the autumn added 6 per cent to turnover at the 150 shops at which it is available.

He says this recession has proved particularly difficult because of the erosion of high street trade, which had held up well in previous downturns. Outside of Christmas and

Easter, Thorntons relies on impulse buying from pass-ers-by, and their numbers are

The group has met this challenge in part by expanding its commercial operations - sup-plying chocolates and ice-cream to supermarkets, including Marks and Spencer, Sainsbury and Boots.

These sales are approaching a fifth of overall turnover, and increased more than 50 per cent to £14.8m last year. The group broadened the variety of chocolate products

to suit supermarket shelves, and stepped up its premium ice-cream business. The value of the UK premium brand ice-cream market has doubled to about £450m in five years, of which Thorntons had a 7 per cent share in mid-1992, after New England (10 per cent) and Grand-Metropolitan's Haagen-

Dasz (20 per cent). However, higher ice-cream sales in the hot weather in May and June were not enough to offset the fall in highervalue chocolate sales.

Progress has been more disappointing with regard the group's attempt to break into the European market. Thorn-tons bought Gartner, a specialist Belgian chocolate maker. in 1988 but its real push came with the purchase of French confectioners Sogeco and La Nouvelle de Confiserie in 1989.

acquisitions was the estab-lished brand names which came with them - particularly the well-known Martial - and the different market mix.

Mr Thornton says 80 per cent of its UK sales are chocolate and 17 per cent toffee. In contrast, the French market is divided equally between choco-late, ice-cream, sugared almonds - traditional fare at weddings - and sugar confectionery, providing "a different weather balance".

However, he admits re-organising the French businesses and returning them to profit has taken longer than the group expected, not least because of the different working and sweet-eating cultures.

Thorntons (France) contributed a loss of £750,000 last year, down from £850,000 a year earlier. But comparisons with the UK business are not easy because French factories supply UK stores and vice-versa. Central overheads are still too high in relation to the number of shops Thorntons has, but it is about to accelerate the expansion of its network of 58 Martial outlets this year.

Mr Thornton says the group is investigating the establishment of a retailing presence in a second country on the Continent, examining the options in Belgium, Germany and the



A hostage to the weather: John Thornton hopes the snow will hold off until after Christmas

### **Fletcher** King shows 34% slide

FLETCHER KING, the commercial estate agency and management concern, suffered further from the deterioration in the economy and property market in the six months

ended October 31 1992. Mr David Fletcher, chairman, said the company had done well to hold the decline in turnover to under 6 per cent, at £2.53m against £2.68m. The pretax profit, however, tumbled 34 per cent, from £108,000 to

The volume of transactions

increased by more than 13 per cent, although the average fee was some 17 per cent lower. Howard Associates, the construction management, project management and quantity surveying subsidiary, continued to

perform well and again made a significant contribution. Earnings per share slipped to 0.5p (0.8p) and the interim divi-

### Plantsbrook buying Scottish company

dend is again 0.5p.

Plantsbrook, the funeral services group, has conditionally agreed to buy Portland Funeral Services, of Kilmarnock, for

another similar sized acquisition, and is raising £2m through the placing of 3.38m shares at 60p each.

Portland carries out some 560 funerals per annum and is expected to enhance earnings in the first year of ownership.

### Mosaic circular soon on current situation

At the annual meeting of Mosaic Investments yesterday. Mr Hugh Sykes, chairman, told shareholders that since his appointment last October, he had undertaken a thorough review of the group's operations.

This had involved talks with the company's bankers, holdstage of negotiation for ers of deferred consideration

and a number of others with a view to ensuring that the company could be put on the best footing and achieve a relisting as soon as possible.

Mr Sykes said that the group

continued to trade profitably and he planned to be in a position to put a circular containing a number of proposals to shareholders as soon as possible in the new year. The interim results for the six months to October 31 would be included in that circular.

### Fourth interim at TR High Income

TR High Income Trust is to pay a fourth interim dividend of 1.4p, bringing the total to date for the year to 4.8p.

The trust will be declaring a fifth interim dividend on February 23 1993, thereby completing the dividend pay-out for the year to December 31 1992.

### Parkland to sell Maitland UK

Parkland Textile, the Bradfordbased woollen yarn, worsted cloth and clothing manufacturer, is selling its UK garment manufacturing facility, Maitland UK, to B Berwin for £1.26m, comprising a cash payment of £132,000 and the assumption of borrowings

amounting to £1.13m November 30. Despite recent reorganisation Maitland has continued to

in the year ended February 28 the improvement reflected ster-1992. All employees are to be offered employment by Berwin on terms "no less favourable" Gross income in the period

than those currently enjoyed. Maitland's principal activities are the manufacture of own label men's suits, jackets and trousers for retailers.

The sale needs shareholder

### EFM Japan asset value at 117.58p

KFM Japan Trust, which was launched in June, saw its net assets value reach 117.58p at

After allowing for initial launch costs the figure showed occur significant losses - a growth of 22 per cent over the period from June 8. In part

ling's weakness relative to the

came to £125,000 and earnings worked through at 0.61p. EIS pays £3.7m for

### Silleck Mouldings RIS Group, the specialist engi

neer, is paying £3.74m cash for the business and certain assets of Silleck Mouldings from the

Silleck is a high quality tech-nical plastics moulder, and its business is entirely complementary to the EIS subsidiaries Davall Moulded\_Gears and MGC.

EIS has bought the facilities in Eaglescliffe, Cleveland, and Inchinnan, Scotland, where customers include many of the leading blue chip original equipment makers in information technology, TV, domestic appliances, car parts and leisure goods.

### Victoria Carpet falls to £227,000

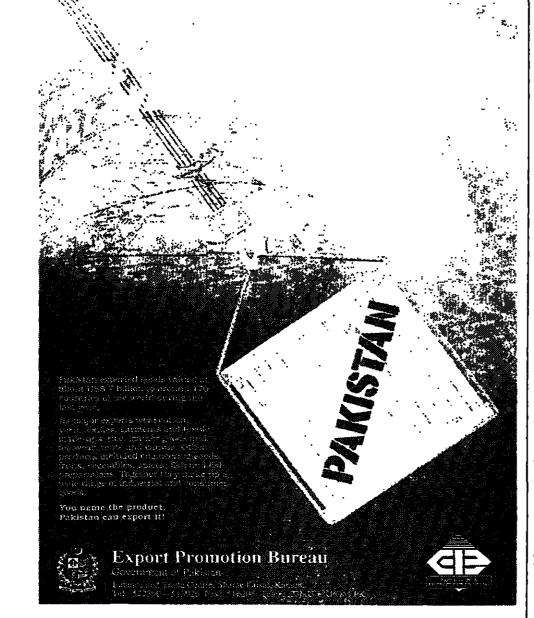
Pre-tax profits of Victoria Carpet Holdings fell from £883,000 to £227,000 for the six months ended September 30. Turnover declined from £17.19m to

£16.37m. The results reflected the recession, and in particular the sharp downturn in the housing

market. Earnings dropped to 2.03p (8.48p) per share.

### FT GUIDE TO WORLD CURRENCIES

!					O. 1007						(X 100)					•	CK 1001
Afghanistan Albania	(Afghani) (Lek)	99.25 172.15	63,4387 110,035	40.4689 70.1936	51.6254 89.5448	Gentile Germany	(Dalasi) (D-Mark)	13.679 2.4525	8,7433 1,5675	5.5775	7.1152 1.2756		(Pak, Rupee		25.5199	16.2797	20.7677
Algeria	(Dinar)	34.35	21.9558	14.0061	17.8673	Share	(Ced))	796,875	509.348 0.6391	324,924	414,499	Panama Papua New Gu	Balboa Inea (Kina		0.984	0.6379	0.8137 0.8007
Andorra	(Fr Fr)	8.3825	5.3579	3.4179	4.3602	Gibraltar	(Cité (2) (Ambard)	1.00 325.875	0.6391 208.293	0.4077	0.5201	Paraguay	(Guaran)	0 2500.87	1598.51	0.6277. 1019.72	1300.84 1.3263
l	(Sp Peseta)	173.45	110.866	70,7237	90.221	Greenland	(Danish Krone)	9.4575	6.045	132,875 3,8562	169,506 4,9193	Peru Philippines	(New Sol (Peso		1.6299 24.6724	1.0397 15.739	1.3263 20.078
Angola Antiqua	(Kwanza) (E Carr S)	876.17 4.23	560.032 2.7037	357.256 1.7247	455.745 2.2002	Grenada Gradalous	(E Carr S) (Local Fr)	4,23 8,3825	2.7037 5.3579	1.7247	2.2002	Pricaire is	(£ Sterting		0.6391	0.4077	0.5201
Argentina	(Peso)	1.5488	0.9899	0.6315	0.B056	Guzun	(US \$)	L5645	1	3.4179 0.6379	4.3602 0.8137	l	(NZ Š	3.0243	1.933	1,2331	1.5731
Aruba Australia	(Flarin) (Aus S)	1.5488 2.8013 2.2580 17.255	1.7905 1.4432	1.1422	1.4571 1.1745	Guatemela		8.3571 1271.23	5.3417 812.547	3.4075	4.3469	Poland Portugal	(Zioty) (Escudo		15433.7 141.323	9845.46 90.1529	12559.7
Austria	(Schilling)	17.255	11.029 141.323	7.0356 90.1529	8,9752 115,007	Guinea   Guinea-Bis	(Fr) (Peso)	- 7825.0	. 5001.6	518.34 3190.62	661.238 4070.22	Puerto Rico	(US S	221.10 1.5645	141.323	90.1529 0.6379	115.007 0.8137
	(Port Escudo) (Bahama S)	221.10 1.5645	141.323		115.007	Goyana	(Guyanese S)	187.80	120.038	76.5749	97.6853	Qatar .	(Riyal)	5.7057	3.6469	2.3264	2.9678
Bahamas Bahraki	(Dinar)	0.5910	0.3777	0.6379 0.2409	0.8137 0.3074 90.221	Halti	(Goude)	16.51	10,5528	6.7319	8.5877	Revalon is, de			5.3579	3.4179	4.3602
Balearic Is	(Sp Peseta)	173.45	110.866 39.1263	70.7237	90,221	Honduras Hong Kong	(Lempira) (HK S)	9.2178 12.1002	5.8918 7.7342	3.7585 4.9338	4.7946	Romania Rwanda	(Leu		430.272	274,479 89,3211	350.148 113.945
Bangladesh   Barbados	(Taka) (Barb S)	61.2131 3.1477	2.0119	24,9594 1,2834	31.8403 1.6372 26.3198	Hungary	(Forlat)	129.24	82.6078	52.697 <u>2</u>	6.2939 67,2249	St Christopher			140.019		
Belgium	(Belg Fr) (B S)	50.60 3.13	32,3426 2,0006	20.632 1.2762	26,3198		celandic Krona)	98.12	62.7165	40.0081	51.0377	St Helena	Œ	i no	2.7037 0.6391	1:7247 0:4077	2.2002 0.5201
Belize Benin	(CFA Fr)	419.13	267.9	170.899	1.628 218.013	india indonesia	(Indian Rupee) (Ruplah)	45.117 3260.43	28,8379 2084,01	18,3%3 1329,43	23,4678 1695,93	St Lacia St Pierre	(E Carr S	4.23	2.7037	1.7247	2.2002
	Bermudian S) (Noultrum)	1,5645 45.117	28.8379	0.6379 18.3963	0.8137	tran	(Rtal)	2270.0v	1450.94	925,586	1180.75	St Vincent	(E Carr S	6.3825 4.23	5.3579 2.7037	3.4179 1.7247	4.3602 2.2002
Bhutan Bolivia	(Boliviano)	6.400B	4.0912 2.2151	2,6099	23,4678 3,3294		. (1244	101.750	65.0367	41.4882	52,9258	San Marino ( Sao Tome		2202.75	2.7037 1407,96	898.165	1145 77
Botswana	(Pula) (Cruzeiro)	3.4656 17989.25	2.2151 11498.4	1.413 7335.07	1.8026 9357.22	irish Rep	(tracti Distar)	0.5936	0.3794	0.242	0.3087	Saudi Arabia	(Dobra) (Riyal)		240.077 3.7574	153.15 2.3969	195.371
Brazil Brunel	(Brunei S)	2,5703		1.048	1.3369 19.0564	Interior	(Punt) (Shekel)	0.9265 4.20	0.5922 2.6845	0.3777 1.7125	0.4819 2.1846	Senegal Seythelles	(CFA Fr	419.13	267.9	170,899 3,2671	218,013
Buigaria Burkino Faso	(Let) (CFA Fr)	36.636	1.6428 23.417	14.9382 170.899	19.0564	Italy	(Litra)	2202.75	1407.96	. 898.165	1145.77	Sierra Leone	(Rupee)	8.0128 805.975	5.1216 515.165	3.2671 328.634	4.1679
Burma	(Kyat)	419.13 9.8485 353.56	267.9 6.2949 225.989	4.0156	218.013 5.1227	Jamaica .	(Jamakan \$)	34.43	22,007	14.0387	17.9089	Singapore Slovenia	(S) (Tolar)	2.5703	1.6428	1.048	195.371 3.0577 218.013 4.1679 419.233 1.33 <del>69</del>
Borundi	(Burundi Fr)			144,163	183.906	Japan   Jordan (Jo	(Yen) Indanian Dicar)	192.25 1.0540	122,883 0.6736	78.3893 0.4297	100 0.5482	Solomon Is	. (5)	149.688 4.7915	95.6778 3.0626	61.0348 1.9537	77.8611
Cambodia Cameroon	(Riel) (CFA Fr)	3130.0 419.13	2000.64 267.9	1276.25 170.899	1628.09 218.013 1.0312 90.221		Kenya Shiiliesi	57.40		23.4046		Somali Rep	(Shilling)	4100.3	2620.84	1671.89	77.8611 2.4923 2132.8
Canada	(Canadian S) (Sp Peseta)	419,13 1,9825	267.9 1.2671	0.8083	1.0312	Kiribati	(Australian \$)	2.2580	- 36.689 1.4432 2.1502	0.9206	29.8569 1.1745	South Africa	(Rand)	4.7013c 7.7140	3.0049	1.9169	2.4454
Canary Is Cp. Verde	(CV Escudo)	173,45 98,015	110.866 62.6494 0.8502	70.7237 39.9653 0.5423	50.983 0.6919	Korea Norti Korea Souti	h (Word) h (Word)	3.364 1236.45	790.316	1.3716 504.159	1.7498 643.147	Spain	(Peseta)		4,9306 110,666	3.1453 · 70.7237	4.0124 90.221
Cayman Is Cent.Afr. Res	(CFA Fr)	1.3302 419.13	0.8502 267.9	0.5423 170.8 <del>99</del>	0.6919 218.013	Kuwait. (	Kuwaiti Dinari	0.46900	0.2997	0.1912	0.2439	Spanish Ports   N Africa	lą	<b>-</b>			• • • • • • • • • • • • • • • • • • • •
Chad	(CFA Fr)	419.13	267.9	170,899	218.013	Leos	(New Kip)	1118.98	715,232	456 <u>.261</u>	582.044	Şri Lanka	(Sp Peseta) (Runee)		110,866 44,7858	70.7237 28.5697	90:221
	Chilean Peso) nminbi Yuan)	590.70 9.1562	377,565 E 9534	· 240.856 3.7334	307.256 4,7626	Lebason	(Lebanese £) (Malisti)	2883.40 4.7013	1843.02 3.0049	1175,7 1:9169	1499.82 2.4454	Sudan Rep Surinum	(Dinar)	15.650	10.0031	6_3812	36.4459 8.1404
Colombia	(Col Peso)	1265.30	5.8524 808.757	515.923	658.153	Liberia	(Liberlan S)	. 1.5645 0.4462	. 1	0.6379	0.8137.	Swazijand	(Guilder) (Lilangeni)	2.7935 4.7013	1.7855 3.0049	1.139 1.9169	1.453 2.4454
CIS #	(Rouble)	0.87620	0.56	0,3572 267,409	0.4557 341.129	Libya Uechtenstel	(Libyan Dinar) In (Selss Fr)	2.2125	0.2852 1.4141	0.1819 0.9021	0.232 1.1508	Sweden Switzerland	(Krona) (Fr)	10.8350 2.2125	6.9255	4.4179	5.6358 1.1508
Comeres	(CFA Fr)	655.82m 419.13	419.188 267.9	170,899	218.013	Luxemboers	(Lox Fr)	50.60	32.3426	20.632	26.3198	Syria	```	32.86	1.4141 21.0035	0.9021 13.3985	1.1508 17.0923
Сопос (Вгал	(CFAFr)	419.13	<b>267.9</b>	170,899	218.013	Macae Madagasca	(Pataca) r (MGF/)	12.5087 2862.07	7.9953 1829.38	5.1003	6.5064	Talwan Tanzania	(5)	39.90	25.5033	16.2691	20.7542
Costa Rica Côte d'Ivoire	(Colon) (CFA Fr)	214.42 419.13	137.053 267.9	87.4291 170,899	111 532 218 013	Madeira	(Port Escudo)	221.10	141:323	1167 90.1529	1488.72 115.007	Toalized	(Shiiling) (Baht)	5 <u>13.32</u>	328,105 25,5033	209.305 16.2691	267.007 20.7542
Croatla	(Dinar)	1095.02	699,917	446.491	218.013 569.581 0.6165 0.3807	Malawi Malaysia	(Xiracha) (Rioggit)	6.604 4.0375	4.2211 2.5806	2.6927 1.6462	3.4351	Togo Rep Tonga is	(CFA Fr)	39.90 419.13	267.9	170.899	20.7542 218.013
Cuba Cyprus	(Cuban Peso) (Cyprus £)	1.1853 0.7320	0.7 <b>576</b> 0.4678	0.4833 0,2984	0.6165	Maldive is	(Rufira)	18.74	11.9782	7.6411	2.1001 9.7477	Trinidad/Tobac	(Pa Anga) 10 (Si	2.2580 7.1207	1.4432 4.55	0.9206	218.013 1.1745
Czechoslovaki		44.542c		8161.81	23,1687	Mail Rep Maila	(CFA Fr) (Maltese £)	·· 419.13 0.5736	267.9 0.3666	170,899 0,2338	218.013	Tunisia Turkev	(Dinar)	1.4498 13106.3	. 0.9266	2.9034 0.5911	3.7038 0.7541
		43.17t	28,4704 27,5934	17.6024	22,4551	Martinique	(Local Fr)	8.3825	5.3579 106.034	3.4179	0.2983 4.3602	Turks & Cateos		1.5645	8377.3 <u>1</u>	5344.06	_ 6817.32
Denmark (D. Dibouti Reo	anish Kroner) (Diib Fr)	9.4575 275.50	6.045 176.095	3.8562 112.334	4,9193	Mauritaida Mauritius	(Ougelya) (Maur Rupee)	165.89 25.58	16.3502	67.6411 T 10.4301	86.2886 13.3055		ustraliao 51	2,2580	1.4432	0.6379 0.9206	0.8137 1.1745
Dominica	(E Carrib 5)	275.50 4.23	2.7037	. 1.7247	143,303 2,2002 10,5825	Mexico ( Miggelog	Mexican Peso) (Local Fr)	4873.43	3115.01 5.3579	1987.13 .	2534,94	UAE -	(Oirham)	1900.47 5.7568	1214,75	774.911	988,541
Dominican Re Ecsador	(D Peso)	20.345 2895.25o	1850.59	8,2956 1180.53	1505.98	Monaco	(French Fr)	8.3825 8.3825	5.3579.	3.4179 3.4179	4.3602 4.3602	United Kingdon United States	т (£)	1.00 1.5645	3.6796 0.6391	2.3473 0.4077	988,541 2,9944 0,5201
		2920.292	1866.6	1190.74	1519.01	Mongolia Montserrat	(Togrik) (E Carr S)	62,60 4,23	40.0127 2 7037	25.5249 1.7247	32.5617 2.2002	Uruguay	(US <u>\$)</u> (Peso)	1.5645 5397.68	3450 1	0.6379	0.8137
Egypt El Salvador	(Egyptian £) (Colon)	5.14	3.2953	2.0958 5.5835	2.6736 7,1228	Morocco	(Cirban)	12.8030 4281_40	2.7037 8.1834	5.2203 1745.73	6.65951	Vantralis	(Vatu)	186 53	119.227	2200.89 76.057	2807.64 97 0247
Equat'l Guine	a (CFAFt)	13.6937 419.13	8.7527 267.9	170.899	218.013	Namible	· (S-A Rand) ·	4.7013	2736.59		2227	Vatican Venezuela	(E9)/92) (E12)	2202.75 123.79	1407.96 79.1243	898.165	1145.77
Estonia Ethiopia (Et	(Kroen) hioplan Birr)	19.8960 7.7529	267.9 12.7171 4.9555	8.11 <u>25</u> . 3.1612	10.349	Nanru is	(Australian S)	2.2580 .	3.0049 1.4432	1.9169 0.9206	2.4454) 1.1745	Vietnam Virgin is-Britis	(Dono)	16776.R	79.1243 10723.4	50.475 6840,69	64,3901 8726.55
Falkland is	(Falk Q	1.00	0.6391		0.5201	Nepai (N Netherlands	epatese Rupee) (Gulfrier)	. 72,975 2,7600	46.6442 1.7641	29.7553	37,9583	Alabi iz-Eluriz	# (US \$) #2 20)	1.5645 1.5645	1	0.6379	0.8157
Farcels (); Fills	unish Kroner) (Fiji S)	9.4575	6.045	0.4077 3.8562 0.9942	4.9193 1.2684	N'nd Antille	s (A/Gottder)	2 8013	1.7905 1.933	1.1422	1.4356 1.4571	Western Samoa		3.9539	2.5272	0.6379	0.8137
Finland	(Markka)	2.4385 8.0365 8.3825	1.5586 5.1367	0.9942 3.2768	4.1802 4.3602 218.013	New Zezlaov Nicaragua	1 (NZ 5) (Gald Cordoba)	3.0243 7.825	1.933 5.0015	1.2331 3.1906	1.5731 4.0702	Yemen (Rep of)	(Rial)		2.52/2 16.8852	I.6121	2,0566
France Fr Cty/Africa	(Fr) (CFA Fr)	8.3825 419.13	5.3579 267.9	3,4179 170,899	218.013	Niger Rep	(CFA Fr) (Naha)	419.13	267.9	170 899	218.013	Yemen (Rep of) Yugoslavia (	(Digar) New Digar)	25.8225 0.7277	0.4651 750.24	10,529 0,2967	13.4317 0.3785
Fr Guiana Fr. Pacific is	(Local Fr) (CFP Fr)	8 3825	267.9 5.3579	3.4179	4.3602	Nigeria Norway	(Nor, Krone)	31.926 10.5600	20.4065 6 7497	13.0177 4.3058	16.6065 5,4928	Zaire Rep	(Zajre)	1173.75 2964705.0		478.593	610.533
Gabon	(CFA Fr)	151.25 419.13	96.6762 267.9	61.6717 170.899	78.6736 218.013	Oman	(Rial Omani)	0.6035	0.3857	0.246	0.3139	Zambia Zimbabwe	(Kwacha)	492.97 8.396	1894986 315,097	1208850 201,007	1542109 256.421
			<del></del>		<del>,</del>		<del>`;-</del>		• • •				(S)	8.3%	5.3665	3.4234	4.3672





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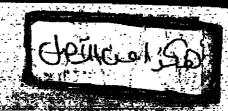
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### **COMPANY NEWS:** UK

# Ivory & Sime rises to £2.27m

By Philip Coggan, Parsonal Finance Editor

ct mix

and the contraction

Victoria Carpet fat

IVORY & SIME, the fund management group, - bas announced an 8.5 per cent rise, from £2.00m to £2.27m, in pretax profits for the six months to October 31.

The Edinburgh-based group is increasing its interim dividend by 40 per cent, from 1.25p to 1.75p, as part of a strategy of reducing the disparity with thefinal. The board said the final would be not less than last

Funds under management were stable at £2.95bn, with the effect of rising stock markets offsetting the loss of some client funds, such as the Ensign for can Trust contract. About half of period.

trusts, and a quarter in pension funds. ..

In November Ivory & Sime acquired a direct marketing company called McColl McGregor, which will help develop its investment trust business. Mr David Newbigging, chair-

man, said that earnings per share, up 19 per cent from 4.15p to 4.94p, had benefited "from continued attention to cost control and tighter management of working capital." Administrative expenses fell from £5.14m to £4.8m, while interest and investment income rose from £437,000 to £581,000. The company also bought 2.25m of its own shares, for cancellation, during the

### Faupel rises to £0.4m on back of lower interest

AN INTEREST charge reduced from £402,000 to £368,000 enabled Faupel Trading Group, the USM-quoted textile importer, to lift pre-tax profits from £611,000 to £639,000 in the six months to September

A fall in interest payable also lay behind the pre-tax rise in the year to end-March after operating profits slipped to £1.95m (£2.04m). This time they eased £6,000 to £1.01m on turnover ahead at £13.9m (£12.1m). Mr Iain Brown, chief executive, said that lower rates and the fact that Faupel's imports were financed on trust receipts on dollar rates accounted for the

Sales during the summer were "generally patchy", according to Mr Michael Molloy, chairman. Mr Brown added that the public's general an uncertain performance at retail level with a "disappoint-

ing pre-Christmas run". When asked about any upturn at the year-end, Mr Brown had said he had seen half a robin on the lawn, but that it flew away. He said yesterday that so far it had not

Household textiles, which accounted for about one-third of group turnover, performed above expectations, though with "tight margins" at the

Within garments, which accounted for the other twothirds, the contract sales division, which supplied customers such as BhS, Harrods, Empire Stores and GUS, had difficulties getting "clients to call in stock on due time".

Earnings were unchanged at 5.19p per share, as was the interim dividend at 1.85p.

### Impending classification changes in the London Share Service

A series of changes to the classifications of companies listed on the London Stock Exchange was made at the last quarterly meeting of the FT-Actuaries Indices Classification Sub-Com-

As a result, the following stocks will be moved to new categories in the London Share Service with effect from Janu-

British Thornton to Miscellaneous (FT-A sector 48) from Electronics (FT-A sector vilton to

tailing (26) from Miscellaneous (48): Hobson to Miscellaneous (48) from Engineering-General (7); RPS Group to Property (69) from Miscellaneous (48); Silvermines to Electricals (4) from Engineering-General (7): Somerset Trust to Other Financial (70) from Investment Trusts (84); Tamaris to Health & Household (27) from Miscellaneous (48); Time Products to Business Services (41) from Miscellaneous (48); Tomkins to Conglomerates (43) from Other

DIVID	ENDS	ANNO	UNCE	<b>D</b> :	
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ng §lnt	1.85	Feb 15	1.85		4.9
nt	0.5	Mar 1	0.5	-	1
Int	1.75	Jan 29	1.25	.≓	5.75
aneint	1.4∯	Dec 31	1.4	-	6

Dividence shown pence per share net except where otherwise stated, tOn increased capital. \$USM stock, \*Fourth interim making 4.8p so far

# First cracks appear in the standards-setting machinery

Rule bending in accounting. Andrew Jacks reports

AVID Tweedie, chairman of the Accounting Standards Board, has been highly animated in the last few days. The reason is not his usual sealotry, but a grow-ing anger as the first cracks have started to appear in the standards-setting machinery over which he presides. Just a little over two years since the ASB was created, companies are starting to show

signs of bending the new rules to suit their own purposes while their auditors turn a Last week the ASB issued a

curt statement on the way in which some companies are interpreting a ruling from its urgent issues task force on the treatment of goodwill on the disposal of an acquisition. Its implications are far wider. "As with accounting stan-

dards it is important when applying task force abstracts to be guided by the spirit and rea-soning . so as to achieve their underlying purpose," it

"I'm furious," says Mr Tweedie. "I thought we could get away from this approach. I have told the profession that they can either play the game get short standards, or by the letter of the law and they will get monster stan-

The problem dates back almost a year, when the task force issued its third abstract concerning the treatment of goodwill -the difference between the purchase price of an acquisition and its net asset

The ruling said that from January 23 this year, companies would have to pass through the profit and loss account the goodwill of a business when they disposed of it. That caused considerable consternation among businesses, since the amounts involved were substantial and many companies had previously simply buried the gain or loss in



David Tweedie: getting angry with the rule-benders

So many voiced concern at the proposals and the speed at which the abstract was to become mandatory that the ASB was forced to allow greater time for consultation on future pronouncements.

But that was clearly not enough for many companies. Company Reporting, the Edinburgh-based monthly monitoring service of annual reports, began to highlight divergences from the ruling in the autumn.

Others were drawn to the ASB's attention from other sources. Audit partners in the larger accounting firms warned that more clients were on the brink of adopting the same approach if no action was

Last week's statement from the urgent issues task force stresses two points in response alternative treatments beginning to appear:

• The goodwill element should be included as part of a single number showing the profit or loss on disposal, not distanced from it as a separate

 There should not be a credit to the profit and loss account before the deduction of dividends which is equal to the amount of goodwill on disposal. There should be no implication through devices such as a sub-total that profit is calculated after re-instating the goodwill.

Among those adopting alternative approaches was Enterprise Computer Holdings. Its accounts for the 15 months to March 31 show separate extraordinary losses of £1.1m for sale and closure of subsidiaries, and £23.1m for purchased goodwill written off to reserves. It also breaches the second ASB point by showing a gain of £23.1m on the profit and loss account after dividend payments entitled "reinstatement of goodwill written off above".

Racal Electronics - audited by Touche Ross - showed an extraordinary loss of £53.8m in its latest accounts. That is explained at the bottom of the profit and loss account, with separate lines showing a £1.1m loss on disposal and closure of businesses, and £12.2m on acquisition goodwill written off in prior years.

Hickson International audited by Price Waterhouse shows exceptional and extraordinary losses. The notes on both items listed goodwill separately from disposal profits and losses. A statement of retained earnings on the profit and loss account shows a reinstatement of £9.7m of goodwill.

Halma - also audited by Price Waterhouse - shows a £1.1m extraordinary debit, itemised as a £437,000 loss before goodwill adjustment and a goodwill adjustment of £656,000. It then reinstates the goodwill after profits and before a prominently displayed final "profit" figure.

Companies bending the rules on goodwill in the future may well end up before the financial reporting review panel. and their auditors before their professional bodies. Both will face highly detailed rules if they continue to ignore the spirit of ASB standards.

# Adam may take legal action

By James Buxton, Scottish Correspondent ...... -

ADAM & CO, the private Edinburgh-based bank which lost more than twice its capital in unauthorised foreign exchange dealing, is contemplating litigation against KPMG Peat Marwick, its audio were replaced at the annual meeting yesterday by Ernst & Young.

Sir Charles Fraser, chairman, said the bank had been advised that there was a prima facie case against Peat Marwick in whom the board had lost confidence. "I don't think anyone would be surprised that [litigation] is a possibility," he said.

In September Adam & Co revealed that it had lost £21m

in irregular operations on after the loss. behalf of a client by two foreign exchange dealers in its London branch. Although the bank's £10m capital was wiped out, it was immediately res-cued by Mrs Francoise Schlumberger Primat, a 75-year-old director and principal shareholder who injected £21m.

Although two foreign exchange dealers have been sacked no one has left the board as a result of the affair and shareholders re-elected it at vesterday's relatively peace-

But Mr David Simpson, general manager (investment) of Standard Life which is a shareholder in Adam & Co, questioned whether it was right that the bank's senior management should remain in place

The annual report, he said, stated that "the basis of the

problem [leading to the loss] lay in the expansion into an area of business with which management was unfamiliar. as a result of which the correct controls for that particular business were not put in place He also quoted a letter which

Peat Marwick sent to share-holders in which it said "it now appears that [Adam & Co's control mechanisms over foreign currency transactions were not properly operated by management." In previous years they had recommended strengthening controls, "These recommendations were accepted but not fully implemented," Peat Marwick wrote.

# Europe, a lot of eople you know

Amerada Hess Apple Computer Atlas Copco Airpower NV BACOB-Savings Bank Banco Santander Banco Zaragozano MWM

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the rate or exchange ruleing on the cay breamptains of the couplets.

RESIDENTS OF THE FOLLOWING COUNTRIES who are subject to deduction of Japanese Withholding Iau at the reduced rate of 15%, will receive a net deviced of 50.221 per Depositary where after deduction of Withholding Tax emourangs to \$0.059.

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45 Beech Street, London EC2P 2LX.

# Coffee prices surge to fresh 13-month highs

By David Blackwell

WORLD COFFEE prices surged yesterday as New York's March arabica contract pushed decisively through the 80 cents a lb barrier in heavy early trading. Late yesterday the March contract was trading at 81.75 cents a lb. more than 2 cents ahead, with some observers looking for 85 cents ahead of the Christmas break. In London, the March robusta contract closed at \$1.067 a tonne -

a 13-month peak. Sentiment has turned bullish in the coffee markets on expectations of a lower crop in Brazil and a tightness in Colombian exports. Brazilian exports for 1992 are expected to be down 17 per cent at 16.3m bags

However, strong resistance to the 80 cents barrier halted a recent run of prices. Once that level was breached. New York commission houses started

(60 kg each), and to fall further

to 14.4m bags next year.

buying heavily. "There has been no sign of origin selling today," said one London trader who would be "very surprised" if the New York market fell back below 80 cents.

Ms Judith Ganes, analyst with Merrill Lynch in New York, said the market had made a "very strong, very orderly move" through an important psychological barrier. "We could begin to see this market really pick up momentum," she added.

# Iranian call for Opec output cut gives oil market brief fillip

By Deborah Hargreaves

OIL PRICES edged upwards yesterday in light trading in the run-up to Christmas, only to slip back again later in the day to close unchanged on the day. North Sea Brent crude for February delivery was at \$18.55 a barrel.

Prices got a brief fillip early in the day from reports in the Middle East Economic Survey. which quoted Mr Gholamreza Aqazadeh, Iran's oil minister, calling for a 2 per cent cut in output by the Organisation of Petroleum Exporting Coun-

A 2 per cent cut in production would take Opec's ceiling

to 24.09m barrels a day from its present level of 24.58m b/d. But many market traders are sceptical that members have even implemented the slight cutbacks required under their latest agreement.

Traders at one international oil company said there was little physical evidence of Opec cutbacks

"Iran is talking up the oil price," said Mr Fareed Mohammedi at the Petroleum Finance Company in Washington, "I can't see them getting anyone to agree to a meeting before February'

Oil prices have found some support in the past week after being extremely weak since October, but traders believe that, if Opec members fail to cut their production in the New Year, prices will continue to slide.

Russia and Kazakhstan are

looking at plans to join together energy producing states from the former Soviet Union in a "mini Opec", the Reuter news agency reported vesterday. The agreement was reached at the weekend in talks between Mr Viktor Chernomydrin, Russian prime minister and Mr Nursultan Nazarbayey. Kazakhstan's president.

Russia and Kazakhstan were reported last month to be interested in joining Opec.

# Mr Boardman hopes for a season to be jolly

about the need for a few male,

non-berry bearing trees in a

plantation to pollinate the

females, which are the ones with berries, and the fact that

it takes 15 years for a holly

tree to produce a viable amount of holly to cut and

market. Even then there is no

guarantee that the trees will

produce a full-berried crop

He too has to cut his vulner-

able holly early to avoid prob-

lems with hungry birds. But

careful observation over many

years has shown that only a

few varieties are attractive to

them before Christmas, so

these are always cut first. And

Mr Boardman's professional

way to cut holly and keep it

fresh and bright until the mar-

ket is ready for it is in a sealed,

to flow, the red-berried sprigs

are brought out, packed in cardboard boxes (of the type usually used for chrysanthe-

mums) and sent off to whole-

sale markets around the coun-

try. Many go to the New

Covent Garden market at Nine

Elms in London and to the new

good year. That is to say when

there are plenty of berries, for

they are far heavier than the

Once Christmas spirit begins

mouse-free cold store.

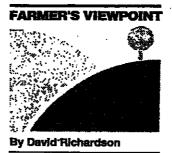
Britain's only professional grower finds the holly business profitable but risky

ONG BEFORE the word diversification had any dobvious relevance to farming, a young friend of mine decided he would earn a hit of extra Christmas income from selling sprigs of holly from the trees in the hedgerows on his farm. He had cashed in on them modestly before when he had allowed gypsies to trim his trees for a ew pound notes. But this time, he decided he would retail his crop in the local town and maximise his returns.

Previous experience had aught him that the berries on his holly trees were particularly attractive to hungry birds. So, to deny them the opportunity of ruining his nterprise by eating his profits, he went out with his pruning shears while the trees were full of red berries in early Novem-

It happened to be a very good year and he was thrilled at the quantity of full-berried holly he was able to cut. But there is no market for the stuff until a couple of weeks before Christmas, so to protect it against predatory birds he carefully carted it all down into the cellar of his old farm-

For the following few chilly weeks he took enormous pleasure in watching hordes of songbirds fluttering around his neighbours' holly trees. Every berry they ate, he thought, would increase the value of his cellarful of perfection. Indeed he spent many winter evenings calculating the size of the windfall that would be his and



working out how to spend it. Eventually, in the middle of December, he judged the time was right to bring up the holly and make a killing on the market. But when he went to collect it from its hiding place he discovered to his horror that while he may have stopped the birds from eating his berries he had forgotten about the mice in his cellar. They had clearly enjoyed an early Christmas dinner and scoffed the lot.

Last week I visited a professional holly grower. Indeed he claims to be the only one in Britain. His holly trees were an imaginative gift, in 1938, from his late father. He has over 1,000 of them on 3 acres of his 200-acre (80-hectare) fruit and arable farm and he can identify and name in excess of 100 different holly species that are growing there.

His name is Peter Boardman and his farm overlooks the valley of the Ant at How Hill, one of the most beautiful spots in the Norfolk Broads.

Throughout his life he has studied holly in Britain and abroad. He has propagated doz- man expects to receive some-

thing over £1 a lb from the ens of different varieties, both the plain green-leaved and var-iegated, and many imported wholesaler and hopes to harvest a crop of about 1 tonne an from other countries, in an But where does the compulexperimental corner of his sion to bring expensive, prickly farm near the house. He talks knowledgeably about them;

vegetation into our houses at Christmas time originate? Apparently it comes from a mixture of pagan and Christian traditions and dates back, at least, to the druids. They believed its evergreen

characteristic meant that the sun never deserted the holly tree and that it was a sacred plant. It was therefore their custom to decorate their houses with holly so that woodland spirits might take refuge in it from the rigours of On the other hand, some say

that holly is a corruption of a Holy in Christian terms. Moreover the German word for holly is Christdorn and it is symbolic of the crown of thorns worn by Jesus at Calvary. The berries, the legend goes, take their red colour from Christ's blood. Some of the superstitions

associated with holly, however, are rather more secular. For instance, in some parts of England and Germany it is believed that if rough, prickly holly is brought into a family house the husband will dominate the home for the year shead If the holly has smooth leaves and few prickles, how-ever, the wife will rule.

Spitalfields market. Each box holds about 9 lb of holly in a Inevitably holly is claimed to have medicinal properties. "A dozen ripe but undried berries eaten in the morning", an ancient herbal states, "will wood and the leaves. Mr Boardexpel wind and is good for colic". And American Indiana were said to make a kind of purgative tea with the berries, Even more horrific to contemplate was the recommendathrashed with holly branches was the finest possible cure for

tion that to be soundly chilblains. At least, I suspect, it would stop a sufferer complaining about them ever These days medicinal mar. kets do not feature in Peter

Boardman's budgets. He restricts his holly sales to the Christmas period for harmless commemorative wreaths and decoration. But is it profitable? On the face of it a potential gross return of well over £2,000 an acre seems attractive. But as Mr Boardman points out, it is high risk. For some years there are no berries and therefore no sales. It is very labourintensive and the prickles make cutting rather uncom-

fortable work. The market is

entirely seasonal and a very

short season at that and there

is a 15 year wait, following

planting, before there is any return at all. His greatest competition comes from what I will politely call itinerant entrepreneurs. who strip and often damage trees, sometimes with permission and sometimes without, in order to make a fast buck. But the fact that he alone in the UK has a professional holly garden, and that a small one, is eloquent testimony to the fact that there is not enough money in it to make it a reliable farm-

### Guarded welcome for fish deal

By James Buxton, Scottish

FISHERMEN ARE giving a guarded welcome to the deal on fish quotas and fishing regulation for next year which the European Community fisheries council agreed on Sunday.

For British fishermen in the North Sea the agreement means a near doubling of the quota of haddock, while European Commission plans to impose a 190-day tie-up on

Britain were rejected. Mr Bob Allen, chief executive of the Scottish Fishermen's Federation, said: "We congratulate the ministers on getting the EC tie-up scheme out of the picture but we do not accept the [British] govern-

ment's approach". The 82 per cent increase in the British North Sea haddock quota from 42,640 tonnes to es was welcomed because of the value of this catch to fishermen. Haddock stocks have recovered substantially after two bad years. Herring catches in the North Sea will remain about the same, as will cod allowances.

Mr John Gummer, the agriculture minister, hailed the outcome of the fisheries council as "a great victory for the countries of Europe over rigid centralised bureaucracy". This was because the ministers, over whom he presided, had rejected the commission proposal to operate a blanket 190day ban on fishing by British boats.

Instead Britain will attempt to regulate its fishing effort through the newly-passed Sea Fish (Conservation) Act, which gives the government power to restrict the number of days a boat spends at sea by relating its activity to its performance

in 1991. Fishermen will be given fishing days to match their days at sea in 1991 and new allowances will take into account days at sea spent servicing oil rigs of carrying out non-fishing work. They will not be subject to having to spend consecutive

days in port.

this will ensure access to fishing is allocated fairly and that the supply of fish to the market will be more even, avoiding the gluts which led to sharp price falls this year.

But the fishermen say they will continue their fight against the provisions of the act. "We will continue to wage war on the idea of limiting days at sea," Mr Allen said.

The fishermen still say they would prefer a much larger decommissioning scheme than the one planned by the government, which involves spending £25m over three years. Commenting on fishermen's

reactions. Mr Gummer said in Brussels: "This agreement means that the industry can continue to be structured so that fishermen's incomes continue to keep ahead of infla-

"We have to regulate the industry for conservation reasons. I am very aware that a previously unregulated industry is now being restructured

### Russia to revamp diamond sector

By Leyla Boulton in Moscow

THE RUSSIAN parliament yesterday approved a blueprint for reorganising the country's diamond industry that could cause further damage to the country's already troubled relationship with the De Beers

Among other things, the blueprint foresees the creation of a Federal Diamond Centre which would give parliament ultimate control over the dia-mond industry, including the country's international deal-

Mr Leonid Gurevich, the deputy who steered the project through parliament, has frequently complained about Russia's arrangements with De Beers, which allows it to sell only 5 per cent of its rough Beers. He has also said that the independent sales, stipulated by an agreement that expires **WORLD COMMODITIES PRICES** 

LONDON METAL EXCHANGE

Aluminium, 99.7% purity (\$ per tonne)

Previous

# French seek US allies against Gatt

By Nancy Dunne in

WHILE THE US and European Community governments find themselves often locked in conflict over agriculture, a group of European farmers visiting in Washington last week described a relationship with many American farmers that was warm, supportive and united against farm trade reforms proposed in the General Agreement on Tariffs and

Trade. "We are on a journey to improve communication and understanding," said Mr Michel Pierre of the France Confederation Paysanne. With farmers worldwide caught in a downward spiral of lower prices and growing bankruptcies, "it is necessary to do

What they were doing mostly in the US was talking - on radio and television, to newsand we are restraining the in 1995, are limited by the fact papers, congressmen and other. The government believes activities of natural hunters." that they are held in Moscow. farmers — about the need to

reduce production worldwide, about the need to preserve rural life in Europe.

Mr Alain Roux of the Federation des Producteurs de Lait gestured with a pat of butter to explain the justice of "dumping" surplus products. "We think the European consumer, when he pays for a

piece of butter, he has to pay this level for the nutrient butter and the rest for maintain-ing rural society," he said. "But if this butter is sold to Africa, this part - maintaining rural life – it has not to be paid by Africa." It was little noticed that

when French farmers launched protests against the US-EC oilseeds deal, American farmers marched in their ranks. Members of the American National Family Farm Coalition last month also met in France with the newly formed SOS Paysans en Difficulties to help them organise suicide hotlines. credit counseling services and debt restructuring plans.

(Prices supplied by Amalgameted Metal Trading)

High/Low AM Official Kerb close Open Interes

The French farmers returned the visit last week, accompanied by one Dutch dairyman. After attending the annual meeting of the National Farm Coalition in Indianapolis, half the group was taken to visit farms in Vermont, and the other half to Kentucky. In both places they created a stir in media appearances.

Their language was different, but from Des Moines to Dijon there seemed to be one unifying theme among hosts and guests alike: the free market was scorned as "an illusion" and supply management schemes - involving produc-tion cuts to raise prices to a profitable level pronounced the solution to the industry's difficulties.

Mr Arian Kamp, a 29-year-old dairyman who heads the Dutch Young Farmers' Union, said it was the educated young European farmers "with good ideas about how to create better sider the interests of the whole products" who were most at risk because they had had to problems at home."

HEATING Off. 42,000 US galls, cents/US galls

buy farms at a time of declining food prices. "Every continent - every

group of countries - must be able to build up a kind of agriculture policy which makes possible that farmers within that area are able to get the cost of production so they are able to able to exist in rural life," he said. "We young farmers prefer supply management. We want decisions made in Gatt about the volume of pro-

duction." The international networking among farmers is likely to grow. Mr Mark Ritchie, who accompanied the French farmers, is organising a US chapter of the Farmers World Network, which promotes exchanges between farmers around the

"Our problems are increasingly global so the solutions must be global too," said Mr Ritchie. "We will have to conplanet, if we want to solve

Chicago

### **MARKET REPORT**

GOLD dived around \$4 a troy ounce in thin afternoon trade on the London bullion market after selling by a US trade house pushed the price quickly down, hitting sell stops below \$335 on Comex. Dealers said the price free-fall meant players in New York had probably stood aside for a few minutes to gauge what was happening. "No-one wanted to bid...So it moved \$2 in about 30 seconds for absolutely no reason," one said. LME metals moved generally higher as an early surge by COPPER set off short covering across the board. But the pre-holiday markets

### **London Markets**

SPOT MARKETS

Crude off (per berrel FOB)(	Jan)	+ or
Dubal Brent Blend (dated) Brent Blend (Feb) W.T.I (1 pm est)	\$16.45-8 50u \$18.15-8.20u \$18.50-8.55 \$19.80-9.85	-0.05
Oil products (NWE prompt delivery per	tonne CIF	+ or
Premium Gasoline	\$191-193	+2
Gas On ●	S182-183	F 2
Heavy Fuel Oll	\$72-74	+ 1
Naphthe	8181-182	
Petroleum Argus Estimates		
Other		+ or
Gold (per tray oz)	\$333.95	-32
Silver (per troy oz)	376.50c \$357.25	-6.25
Palladium (per troy oz)	\$106 40	4.75
Copper (US Producer) Lead (US Producer)	104c	+ 0.5
Tin (Kuzia Lumpur market)	34.625c 14.28r	+0 02
Tin (New York)	263.5c	-u uz
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	115.55p	-0 13°
Sheep (liva weight)†	83.32p	+ 3 53
Pigs (live weight)†	88.04p	+ 0.47
London daily sugar (raw)	\$212 2w	+02
London daily sugar (white)		
Tate and Lyle export price	C244.0	+05
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£155 0	
Wheat (US Dark Northern)	Unq	
Aubber (Jan)♥		-0.25
Rubber (Feb)♥		-0 25
Rubber (KL RSS No 1 Jan)		-05
Coconut oil (Philippines)5	\$450y	-25
Palm Qil (Malaysian)§	\$392.5u	+ 5
	\$290.0	
Soyabeans (US) Cotton "A" index	£169 û 54,30c	+01
-noon -A- mone		+U1

Tondon physical. 9CIF Rotterdam. 
Bu market close m-Malaysian cante the pricos are now live weight pricos.

were rather thin and price movements were exaggerated, dealers said. Chinese buying and dealer short covering gave an early boost to copper and there was also buying in expectation of Comex making an early burst above resistance. But when New York failed to follow through from its higher opening, the market turned quiet. Last three-month copper business was at \$2,257 a tonne, up \$27 from Friday. ZINC and ALUMINIUM also closed ahead.

### **Compiled from Reuters**

	- conce	m FOX	(\$ per to
Raw	Close	Previous	High/Low
Mer	194 (0)	180 00	184 00
Мау	186 09	187 (10)	186 00
Oct	188 99	188 60	188 00
White	Close	Provings	High/Low
Mar	245 00	248 06	248 00 245 00
Mav	247 50	250 50	250 50 247 50
Aug	253 50	256.30	255 60 253 50
Oct	241 00	243.60	243 00 241 00
Doc	346 20	246 (4)	246.50 246 20
Mar	248 00	346 10	248 00
Мау	250 00	251.40	250 00
	May 1366		S/0:
	Lates	<u> </u>	
Feb	18.61	18.56	18.71 18.48
	18 67		
Mar			10 74 19 45
	18 69	18 61 18 61	18 74 18 48 18 72 18 57
Apr		18.63	18 72 18 57
Apr May Jun	18 69	18.63	
Apr May Jun Jul	18 69 18 7) 18 65 18 68	18 63 18 65 18 70 18 70	18 72 18 57 18 73 18 65
Apr May Jun Jul Aug	18 69 18 7) 18 65 18 68 18 75	18 63 18 65 18 70 18 70 19 70	18 72 18 57 18 73 18 65 18 70 18 65
Apr May Jun Jul Aug IPE Inde	18 69 18 7) 18 65 18 68 18 75	18 63 18 65 18 70 18 70 19 70 18 35	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68
Apr May Jun Jul Aug IPE Inde	18 69 18 7) 18 65 18 68 18 75	18 63 18 65 18 70 18 70 19 70 18 35	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68
Apr May Jun Jul Aug IPE Inde Turnover	18 69 18 7) 18 65 18 68 18 75 18 56 6/47 172	18 63 18 65 18 70 18 70 19 70 18 35	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68
Apr May Jun Jul Aug IPE Inde Turnover	18 69 18 7) 18 65 18 68 18 75 18 56	18 63 18 65 18 70 18 70 19 70 18 35	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75
Apr May Jun Jul Aug IPE Inde Turnover GAS OIL	18 69 18 73 18 65 18 65 18 75 18 56 6/47 172 TPE Close	18 63 18 65 18 70 18 70 18 35 729	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75
Apr May Jun Jul Aug IPE Inde Turnover GAS OIL	18 69 18 73 18 65 18 68 18 75 18 56 6/47 172 <b>IPE</b> Close 177 06 177 50	18 63 18 65 18 70 18 70 18 35 7291 Pressures 175 00	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75 18 75 18 75 18 75 18 75 17 760 174 50 178 06 775 75
Apr May Jun Aug IPE Inde Turnover GAS OIL Jan Feb	18 69 18 73 18 68 18 68 18 75 18 56 6/47 102 8PE Close 177 00 177 50 177 25	18 63 18 65 18 70 18 70 19 70 18 35 729 Pressures 175 00 175 00	18 72 18 57 18 73 18 65 18 73 18 65 18 75 18 68 18 75 18 75 18 75 18 75 18 75 18 75 17 75 17 75 75 75 75 75 75 75 75 75 75 75 75 75
Apr May Jun Aug IPE Inde Turnover GAS OIL Jan Feb Mar Apr	18 69 18 73 18 68 18 75 18 56 18 77 18 56 6747 172 8PE Close 177 00 177 50 177 50 174 50	18 63 18 65 18 70 18 70 19 70 18 35 7291 Pressures 175 00 175 00 175 50 172 75	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75 18 68 18 75 77 60 174 50 177 90 174 50 178 90 175 75 177 25 175 90
Apr May Jun Jul Aug IPE Inde Turnover GAS OIL Jan Feb Mar Apr May	18 69 18 73 18 68 18 75 18 56 18 75 18 56 6/47 122 177 00 177 75 177 75 174 75 174 75 173 75	18 63 18 65 18 70 18 70 19 70 19 35 729 729 175 00 175 90 176 90 172 75 171 25	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75 18 75 18 75 18 75 177 60 174 50 177 60 175 75 177 25 175 60 173 173 173 60 173 173 173 283
Mar Apr May Jun Jul Jul PE Inde Turnover GAS OIL Jan Feb Mar Apr May Jun	18 69 18 73 18 68 18 75 18 56 18 77 18 56 6747 172 8PE Close 177 00 177 50 177 50 174 50	18 63 18 65 18 70 18 70 19 70 18 35 7291 Pressures 175 00 175 00 175 50 172 75	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75 18 68 18 75 77 60 174 50 177 90 174 50 178 90 175 75 177 25 175 90
Apr May Jun Jul Jun Jul Aug IPE Inde Turnover GAS OIL Jan Mar May Jun	18 69 18 7) 18 68 18 68 18 75 18 56 6747 (2) 18 56 177 00 177 50 177 50 174 50 173 % 174 25	18 63 18 65 18 70 18 70 18 35 729 729 729 729 729 725 00 175 00 175 50 172 75 171 25 171 30	18 72 18 57 18 73 18 65 18 70 18 65 18 75 18 68 18 75 18 75 18 75 18 75 177 60 174 50 177 60 175 75 177 25 175 60 173 173 173 60 173 173 173 283

There were 4.400 packages for the day reports the Tea Brokers Association. No landed auction: Offshore there was good general demand at firm vales. The highest pice realised this week was 1630 cf for a

Dec Mar May	Close			
Mar May		Previous	High/Low	
May	644	649	645 640	
	668	872	673 666	
	683	689	689 682	
Jul	689	705	702 698	
Sep	714	721	716 714	
Dec	735	743	740 736	
Мег	758	763	760 767	
May	773	777	774 772	
Jul	788	791	788 787	
Sep	800	807	804 801	
price fo		725.86 (725	ls per lann .33) 10 day	e). D
ICCO in price for for Dec	or Dec.21	725.86 (725 ) (743 73)		e). D aver
ICCO is price to for Dec	or Dec.21 : 18 738.08	725.86 (725 ) (743 73)	.33) 10 day	e). D aver
ICCO is price to for Dec	or Dec.21 : 18 738.08 : E – Lond	725.86 (725 ) (743 73) lon FOX	.33) 10 day	e). D aver
COFFE	or Dec.21 : 18 738.08 E - Lond Close	725.86 (725 3 (743 73) See FOX Previous	33) 10 day	e). D
ICCO in price for for Dec	2F - Lone Close	725.86 (725 3 (743 73) 3 (743 73) 3 (743 73) 4 (743 73) 4 (743 743 743 743 743 743 743 743 743 743	High/Low 1044 1037	e). D aver
COFFE  Jan Mar	2F - Lone Close 1042 1067	725.86 (725 ) (743 73) Son POX Previous 1030 1055 1026 1012	High/Low 1044 1037 1067 1058 1035 1028 1020 1015	e). D aver
COFFE  Jan Mar May	27 Dec.21 18 738.08 28 - Lond Close 1042 1067 1030	725.86 (725 ) (743 73) Ben POX Previous 1030 1055 1026	High/Low 1044 1037 1067 1058 1035 1028	e). D aver

	Close	Previous	High/Low
Јел	1042	1030	1044 1037
Mar	1067	1055	1067 105B
May	1030	1026	1035 1028
Jui	1018	1012	1020 1015
Sep	1025	1018	1025 1024
Nov	1032	1030	1035 1031
ICO in Dec 18	dicator p	dally 65.03	ents per pound) to (84.45) 15 day aver
POTAT	TOES - L	ondon FO	K £/tonne
	Close	Previous	High/Low
Apr	63 0	62.9	63.5 63.0
May	70 D	70.0	70.5 70.0
		lots of 20	
SOYAI	SEAL - I	London FO	X £/tonne
	Close	Previous	High/Low
Feb	151 00	150.00	<del></del>
		is of 20 to	
FREIG	HT - Loc	don FOX	\$10/Index point
	Close	Previous	High/Low
Jan	1309	1298	1309 1299
Feb	1278	1270	1278
Apr	1272	1268	1272 1263
Jul	1160	1140	1160 1140
Oct	1330	1327	1330
BFI	1375	1373	
Тигпоч	er 50 (18)		
OFIAIN:	S - Louc	ion FOX	£/tonne
Wheat	Close	Previous	High/Low
Jan	134.25	134.75	134.35 134.25
Mar	136.00	138 30	136.00
May	138.20	138.50	138.20 138.10
Nus	109.50	-	109.50
Barley	Clase	Previous	High/Low
Sep	107.00	107 00	107.00
		71 (145), B 100 Tonnes	erley 4 (51).
PIQS -	London	FOX (Ca	ish Settlement) p/kg

102.0 100.5 102.0 101.0

Administra,	, 99.7%, pu	1123 (2 be	a monde)	)			Total		iver 35,855. lo	ta	
Cash	1228-30		20.5-1.5			1224.5				Jan	57.00
3 months	1251.5-2.0		4.0-4.5	1258/1	245	1248-8.			179,440 lots	Feb Mar	57:85 · 57.66
Copper, Gr								dally turno	war 33,595 to	— Apr	56.90
Cash 3 months	1428-30 1453-4		17-8 14.5-6.0	1467/1	447	1424.54 1450.5-		r.a	142,657 lots	May	
Lead (£ per				17047	4-1	1.00.0			over 3,790 lo	Jean	66.50
		- ~		000,000		007 7 6		COBY CIT	OVER 3,780 IO		55.40
Cash 3 months	291.75-2.2 302.75-3.0		1.5-1.50  -2	288/28 304/29		267-7.5 299.5-9.		6	24,390 lots	Aug	55.95
Nickei (\$ pe									ver 13,453 lo	_ Sep	57.24 . 58.19
Cesh	5765-75	576	<b>10-5</b>	5740/5	740	5735-40			761 10,153 10	- `—	
3 months	5840-5		10-6	· 5850/5		5815-20		J-5 .	41,301 fots	COC	need 01 ACC
Tin (S per t	onne)			-			Total		over 2,094 lo	= -	Close
Cash	5725-30	567	70-5	5745/5	740	5735-40			4	- —	
3 months	5790-6		0-2	5825/5	770	5800-5		1-800	9,292 lots	Mar	930
Zinc, Speci	al High Go	ade (\$ p	er tonne	)			Total	daily turns	ver 11,220 lot	_ May ≌ Jul	958 982
Cash	1064-6	104	8-50 ·	1058.5	/105B.5	1058.5-9				_ Sec	1009
3 months	1085-6	106	8-9	1090/1	072	1078-9	1088	1-9	72,821 lots	. Dec	1043
LME Closin										Mer	1072
SPOT: 1.56	45	3 m	onths: 1,	5502		6 months	i: 1.5395	B	months: 1.531	4 May	1097
					_						1119
LONDON E					N	ew	York	7		Sep_	1142
(Prices sup	plied by N	M Roth	schild)					•		COFF	FEE "C" 37.
Gold (troy					90	LD 100 t	roy az.; 5/tn	OV 07			~
	S price		£ equi	relent	. ≕	Clo			-		Close
Close	333.80-0	334,10			De			335.5		Dec	79.75
Opening for	336.60-0 336.35	337.00	214.851	ı	Jan	334	2 337.3	0	333.0 ·	Mar	81,90
Afternoon f			213.491		Tel		.6 337,7	837.2	332.3	May	85.45 · · · · · · · · · · · · · · · · · · ·
Day's high	336.60-3				Ap: Jur	ı 337.	2 340.3	338.4 338.8	332.5 335.0	- Sep	68.35
Day's low	332.80-3	•			Aus	335.	7 341.9	. 0	0	Dec	90.25
Loco Lda B	ean Gold	Lending	Rates (	Vs USS)	Oct Des			340.5 343.0	340.4 340.5	Mar	91.75
1 month	1.65		onthe	2.15				0	0	` sug/	AR WORLD
2 months 3 months	1.65		non <b>ths</b>	2.53	PL	MUSETA	50 troy oz; \$	Viroy oz		•	
	1.85				. –	. Clos			.CW	· . —	Close
Silver fix	p/tray a		US cts	ednin	Jan	359.	8 360.1	360.0	. 358.0	Mer	. 8.12
Spot 3 months	241,35		376.50		Apa Jul		3 357.7	358.0	355.0	May Jul	8.30 8.41
o months	243.60 247.45		378.10 381.25		Oct			356.5 356.0	355.0 - 354.0	· Oot .	B.44
12 months	254,80		389.05		Jen			0	0	Mar	8.58
					SiL	VIÈR 5,00	O tray az c	enter/tray or	<u>.</u>	May	8.68
GOTD COII	K\$	_				Clos	4 Previo	us High/L	DW -	COTT	ON 50,000;
	S pric	<b>19</b>	2 equi	valent	. Dec	373.	0 376.4	373.5	3726	·	Close
Krugerrand	336.00	-338.00	214.00	216.00	· Jan		2 376.7 9 378.4	0 .	. 8	Mer	58.24
Maple leaf	343,78	-345.95	-		Mar	375	8 379.3	377.5	374.5	May	59.40
New Sovere	agn eu.uu-	8200 .	50,00	200	Mag Jul	7 278.1 381.1		379.0 382.5	378.0 380.0	· Jul -	60.50
TRADED O	PTIONS				Sep	384.0	387.5	0 .	0 :	Oct	59.41
Akaminium (		Celis		Puta	Dec			389:5 390.5	388.5°: 200.5	. Mer	58.80 59.70
					Mar			395.0	395.0	· May	60.20
Strike price	2 toulue 7:			Apr	HIG	H GRAD	E COPPER :	25,000 lbs;	cents/lbs	ORAN	CE JUICE
1175 1200	77		3	8 13		Clas					
1200	5°		13	21	Dec	100.5	50 59,40	101.00	100.10	· . <u>: </u>	Close .
Copper (Gra	de Al	Calls :		Puta	Jan	101.2		·· .101,10	100,80	Jen Mer	94.10
2100	~	47 180		6	. Feb Mar			101.00	100.90	May	97.90 99.75
2150		22 118		14	Apr	102.5	5 100.80	O		Jul	100.25
2200	6	3 82	.16	27	May			102.70	101.70	Sep	99.45
			<u> </u>	<u> </u>	رويال الناف	102.6 103.1		_102.20 - 103.20	102.10 - -102.20	Nov Jan	100.00
Coffee	M	ar Me	y Mar	May	. Aug	_103.5	101.95	102.90	102.60	-Mer	100.05 101.06
950		25 108		28	Sep	103,6	6 102,20	103,20	102.80	May	.101.05
1000 1050	81 54		18	48· ·74 ··	. CRU	DE CIL	(Light) 42,00	e US galls	S/barrel	·	
		-	11	<del>```</del>	·	Late	st - Previou	s High/L	W-	(DED	ICES:
Cocos		ar Ma	y Mer		Feb			<u>-</u> -	19.75	NE I	TERS (Be
650 676	. 36		21	22 -	.∵Magr			20.03	19.86	100)	<u> </u>
700	26 18		33 · 50	- 33 - 48	Apr	~: 20.06	20.03	. 20.08	19.93	: [⊡	Dec.21
	16			· <del></del> ·-	May	20.10	20.06		19,96		1668.1
Brest Crude	Fo	ab Man	Feb	Mar	- JEUN	20.07 20.07		20.09 20.10	20.01 20.02	DOV	LONES (E
1800					App						()
1850 1850	63 26		7	20 45	. Sep	20.10		· ·		. 11 7	
1900	îi			` <u> </u>	Oct						<b>(4)</b>
		-	4		, Nov	الدناء،	'B -\	ווזעו	المدا	1 (in	· 1

	Latest	Previous			SOY	ABEANS 5	000 bu min;	cents/80lb	busi
jan Cob	57.00 ·	5615	57.20	55.90		Close	Previous	High/Lor	
Feb	57:85 ·	5704	58.10	58.80	_				
Mer	57.66 56.90	5721	57.75 Se os	58.95	Jen .	573/2	571/0	573/6	
Apr May	56.90 55.70	5663 5565	58.95 .	86.50	Mer May	578/4 584/4	575/0 ·	578/6 584/8	5
may Jan	55.70 66.50	5528	55.75 55.26	55.50 55.05	Jul	591/Q	580/4 586/4	584/6 591/2	5
Jul	55.40	5554	· 55.60	55.30	Aug		588/0	592/4	5
Nug	55.95	5804	56.00	55.95	Sep	590/4	586/0	590/4	ē
Sep	57.24	5724	0-	0	Nov	595/2	591/4	595/6	- 5
Oct .	58.10	5819	ğ	ŏ	Jen	604/0	599/6	604/0	6
0000	A 10 tons	es,5/tonne	s · .	<del> </del>	- 80Y		60,000 lbs;		
	Close	Previous	High/Lot	w		Close	Previous	High/Lov	
War	930				Dec Jen	20.66 20.72	20.47 20.54	20.75	2
May	258	938 984	937 964	926 ' 965	Mar	20.93	20.75	20,78 20,97	2
lui	982	988	989	980	May	21.05	20.89	21.12	2
Sep	1009	1015	1012	1012	Jul	21.17	21.03	21.23	2
Dec	1043	1049	1045	. 1040	Aug.	21.18	21.03	21.25	2
Har	1072	1076	1076	1072	Sep	21.23 21.28	21.06 21.05	21.25 21.35	2
day	1097	1103	1100	1100	Dec	21.27	21.17	21,40	2
kul	1119	1125	1122	1115	SOY		AL 100 tone;	****	-
Sep .	1142	1148	1144	1142	. ===	Close	Previous	High/Lov	,
)(FE		.500tbs; cer	its/lbs		Dec	189.5	191.4	192.8	1
	Close	Previous	High/Lov	,	Jen Mar	188.4	187.9	189.5	1
ec :	79.75	79.75	<del>-</del>		Mar Mav	186.9 186.8	186.2	168.6	f
ker	81,90	79.70 79.70	,0 82.00	0 .	· · Jul	188.3	165.9 186.9	187.9 188.5	11
Any	85.45	83.35	85.85	80.20 83.75	Aug	188.7	187.5	189.0	1
ut	86.90	84.90	87.00	85.20·	Sep	189.5	188.4	190.0	70
jeb.	68.35	86.00	88.40	86.75	Oct Dec	191.5 192.5	190,0	192.0	#
ec	90.25	87.40	90.25	88.50			192.0	192.5	ti
Aler	91.75	89.00	<u> </u>	0 .	. <u>MAIZ</u>		min; cents/5	66b bushel	
		<b>~11~</b> 112,00	00 lbs; cen	ts/its	Dec	210/2	Previous	High/Low	_
<u> </u>	Close	Previous	High/Low		Mar	219/0	211/2 219/4	211/2 219/4	21
lar .	8.12	8.30	8.30	8.12	May	226/2	226/6	226/6	2
lay	8.30	8.42	8.40	8.29	Jul	231/8	231/6	231/6 -	-23
oti Ot.	8.41 · 8.44	8.52	8.52	8.40	Sep Dec	235/6 240/4	235/4 _ 240/0	236/0	
lar	8.56	8.70 ·	8.57 8.70	8,46	Mar	24714	248/4	240/6 247/4	Z2 24
lay	8.68	8.83	0	8.62 0	WHEA	T 5,000 bu	min; cents/(		-
отто	N 60,000;	cents/lbs				Close	Previous	High/Low	
	Closes	Previous	High/Low		- Dec Mar	372/4 . 363/6	367/6 352/4	376/4	36 - 35
er	58.24	67.75	55.29	57.70	May	337/6 -	337/6	355/0 336/4 · ·	- 35 35
lay d-	59.40 . 60.50	58.20	59.45	58.25	Jul	313/0	.312/6	315/0	31
et -	59.41	69.88 59.38	60.50 69.50	. 59.80	Sep	318/6 329/2	319/0	0:	0
ec	58,80	58.80	59.00	59,36 58,70			330/0	331/0	32
er-	59.70	59.60	59.70	. 58.65	TAME (		000 lbs; cen	ts/ibs .	
<u> </u>	60.20	60.10	0	0	Dec	Close	Previous	High/Low	
		15,000 lbs; (			Feb	-78.925 76.275	78.675 75.975	79.000 76.450	78 75
_	Close .	Previous	High/Low		Apr	75.800	75.725	78.075	76
	94.10	92.85	95.50	99.45	Jan · Aug .	72,425 70,825	72,325	72,625	72
er Ey	97.90	96.20	99,00	96.50	Oct	71.275	70,725 71,200	71.050 71.550	70 71
ay d	99.75 100.25	97.50	100.50	98.75	Dec -	71.700	71,450	71,700	71
	99.45	98.30 97.55	100.50	100.00	LIVE	OGS 40 m	O list courte/li	<u> </u>	<del></del> -
. VE	100.00		0 100.25	0 ' '-					
n '	100.05	29.25		100.25 0	<del></del>			High/Low	
		99.95	G	ŏ	Dec Feb	49:175		43.350	. 43
	TD1.05	99.95	0	0= '.''	Apr	43.400° 41.925		43,600	43
					_ Jun ·	48,350		42.025 46.400	41 40
(MDK			\	4, 1	Jul	45.925		46,000	46.
PEUT ***	ERS (Be	se:Septem	ber 18 10	931 =	Aug	44,725	44.800	44.750	44,
				~'', • '	Oct	41.025 42.480	41.000	41.075	<b>40</b> .
		Dec. 18	moth ago	yr apo			42.600	42.475	42
	. 1668.1	1000.3	1670 A	denn -			0,000 ibe; ce		
VVII.	TONES (I	Baser Darc (	31 1974 -	100)	S. Ball	W058 .	Previous ·	High/Low	<u>خند</u>
	7	:Dec.17	muth ago	W Bon	, Feb -	38.250	38.700	38,750	
	· 2清	121.62		111.65	May	35.500	281.775	300 O	34,
', ')			118.35	119.28	Jul.	40.060	39.925 40.400	40.000 40.405	39.
ar 4.	<u>4</u> (د			······				38:100	30
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يد								eren ja Same	in. Hara

# Footsie breaks through to new peak

By Terry Byland, UK Stock Market Editor

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ANOTHER session of heavy demand for shares across the range of the London stock market took the FT-SE Index ued strength in Seaq-reported Account day:

Jan 11 Jan 25 through the 2,800 barrier to a business at 831 4m shares, com-At the close, the Footsie was 18. when retail, or customer, busipoints up at 2,807.7, after ness was worth £1.60bn.
breaking through the previous Optimism for a revival in the imporclosing high of 2,782 in early UK economy next year was area.

trading.
Once again, the market was featured by strong buying of the second-tier stocks. The FT-SE Mid 250 Index outpaced

the Footsie by a factor of two, gaining 33.3, or 1.2 per cent, to First Seelings: 2,817.4. Sec 14 feet 4

Traders reported significant support from the institutions. and were borne out by continnew all-time peak yesterday. pared with 940.4m on Friday,

encouraged by a report from . The move into cyclical the Birmingham Chamber of stocks, likely to benefit quickly industry and Commerce which from economic recovery, was indicated "slow but steady" reflected in a subdued perfor-

Account Dealing Dates Jan 18\_\_\_ Jan 14 et Destinger Oec 31 den 15 ' Jan 29\_\_\_ Feb 8 "Now time dealings may take place from 8.30pm two business days earlier.

Optimism for a revival in the important UK manufacturing

recovery in business in this mance from the blue chip

defensive issues, which lagged squeeze in March, and it market yesterday. A heavy proleading stocks was reported after the official close.

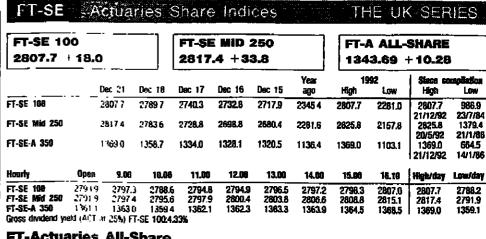
remained thin. Having opened at 2,818, sell-

and it fell to a low for the day of 2,809 at around 10.00am.

TRADING VOLUME IN MAJOR STOCKS

behind the rest of the stock moved ahead for the rest of the session with demand particugramme of delayed deals in larly strong in the last 90 minutes of trading. March ended at 2,848, up 33 from Friday's close • A shortage of stock led to a and around 22 points above its strong advance in stock index estimated fair value premium futures, although turnover of 19 to cash. Turnover, at

around 6,000 lots, was poor. Volume in the traded options ing from a leading-independent was down from Friday's high house sent the March contract figure but still healthy at on the FT-SE Index into retreat 33,811 contracts. The FT-SE 100 option traded 16,945, while a big trade in Glaxo just before However, dealers moving to the close made it the mos cover short positions led to a active stock option of the day



### FT-Actuaries All-Share

e it	EQUITY GROUPS		Vionday	/ Decei	mber 2	1 199	2	Fri Dec 18	Thu Dec 17	Wed Dec 16	Year ago (approx
- - -	& SUB-SECTIONS  Igures in parentheses show number of stocks per section	No	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	rd adj. 1992 to date	Index No.	index Na.	Index No.	índex Ng.
o 1	CAPITAL GOODS (175) Building Materials (23) Contracting, Construction (26) Electricals (9) Electronics (28) Engineering-Aerospace (6) Engineering-General (43) Metals and Metal Forming (7) Motors (15)	859.22	+1.4	6.54	4 98	19,94	31.00	847 27	829.88	817.54	706.97
2	Building Materials (23)	873 50	+0.9	5.82	6.18	24.49	40.39			815.82	820.50
3	Contracting, Construction (26)	714 37	+0.8	3.88	6.94	69.56	37.49				
4	Electricals (9)	2442 61	+0.8	6.88	6.19	19.01	109.61				
ı, İ 5	i Electronics (28)	2315 76	+02	6.63	3.72	19.13	52.39	2310.15	2283.21	2243 13	1652.81
"   6	Engineering-Aerospace (6)	301 32	+4.4	11.75	7.80	10 84	16.18		285.92		
1 7	Engineering-General (43)	498.97	+2.3	8.09	4.73	15.76	17.35			471.36	443.27
8	Metals and Metal Forming (7)	325.89	+4.6	5.21	3.96	28.00					
1 9	Motors (15) Other Industrials (18) CONSUMER GROUP (191) Brewers and Discullers (25) Food Manufacturing (18)	364.83	+0.8	5.57	6.45	26.17		361.91			
) 10	Other Industrials (18)	1963.42	+1.4	6.24	4.26	19.35			1914.48		
1 21	CONSUMER EXHADA (141)	1754.13	+0.8	6.64	3.35	18.71	43.25				
22	Brewers and Discillers (25)	2090.18	+0.9	7.95	3.62	15.22	54.23			1991.26	
25	Food Manusacturing (18)	1314.85	+0.6	7.98	3.97	15.65	40.47			1276.57	
26	Food Retailing (18)	3333.53	+1.6	7.73	3.05	16.84	70.26			3154.76	
1 2/	Food Retalling (18) Health and Household (26) Hotels and Leizure (18) Media (25)	4266.94	+0.1	5.22	2.66	22.30	88.04	4262.33		4289.53	
27	Hotels and Leisure (16)	1220.47	+2.0	6.65	5.48	19.76	46.03	1232.08		1200.66	
1 20	Dantagias Dans C Descript (17)	205 01	+0.7	5.44	2.84	22.91	39.40			1767.90	
1 21	Packaging Paper & Printing (17) Stores (33) Textiles (11) OTHER GROUPS (116) Business Services (17) Chemicals (22) Conglomerates (10) Transport (14) Electricity (16) Telephone Networks(4) Water(11)	1145.00	+1.5	6.56	4.09 3.17	18.90	24.33	784.07			
24		745 55	+0.6	6.36		20.82	26.56		1113.63		
1 22	(EXTING 111/	140.77	+2.3   +0.4	6.44 8.71	4.10 4.91	19.59 14.14	23.64 50.02				
, 41	Buringer Sombor (17)	1510 01	+2.2	0.71 5.84	3.35	20.97	36.28		1444.80	1384.86	
7.7	Chamicals (22)	1401 42	+0.4	6.52	5.23	19.40	54.80	1395.24		1384.74	
43	Conclomerates (10)	1364 10	+11	8.65	8.67	13.19			1322.04		
1 77	Transport (14)	2774 72	+1.6	8.08	4.30	14.86	88.31	2731.43		2650.60	
45	Flactricity (16)	1522 10	+0.2	14.24	4.99	9.03		1518.82	1405.20	1491.17	
46	Telenhone Nelworks(4)	1645 16	-0.8	8.11	4.16	16.04		1658.14		1612.88	
47	Water(11)	3252 38	-1.0	14.05	5.45	7.90	122.00		3255.19	3244 63	2102 RA
48	Miscellaneous (22)	2500 18	+1.1	5.68	4.06	21.76			2431.13		
70	INDUSTRIAL GROUP (482)	1425.03	+0.8	7.30	4.15	17.08		_	1386.94		
1	O'L P Care 10)	2156 61	+0.3	6.19	6.01	21.23	103.27	2149.65		2108.30	
ᅵ끘	Oil & Gas (18)	2130.01	-7.5								
.   -59	500 SHARE INDEX (500)	1445.//	+0.7	7.19	4.34	17.42			1456.86		1264.75
_   61	FINANCIAL GROUP (82) Banks (9)	065.06	+0.9		5.07		33.33	857.37	845 11		
62	Banks (4)	1163.91	+0.7	5.28	4.79	28.37	41.81	1155.70		1154.73	
65	Insurance (Life) (6).	1/66.48	+0.4	-	5.15	-	68.18		1726.11		
J 66	Insurance (Composite) (7)	650.95	+2.4		4.63		22.58	635.63	618.04		462.25
67	Insurance (Brokers) (10)	/85.39	+0.8	7.89	6.80	17.01	48.05	779.35			944.13
68	Merchant Banks (6)	476.82	+1.6		4.79		16.75	469.42	467.09	463.97	437.79
69	Property (30)	000.32	-0.4	8.55	6.64	15.33	33.09		620.69		
_70	Other Financial (14)	293.98	+1.9	6.81	5.70	19.32	11.63	288.39	281.28	278.90	
71	Investment Trusts (69)	1307.83	+1.2		3.32	-		1292 18		1267.74	
99	ALL-SHARE INDEX (651)	1343.69	8.0t	- 1	4.41	-	43.73	1333.41	1309.31	1303.34	1126.05

FT-\$E	Act	uaries	350	Ind	ustry	Basi	cets				Previous	
Hourty	Open	9.08	10.08	11.69	12.80	13.00	14.80	15.08	16.10	Close	ciose	change
Coastrea	1426.7	1428.9	1428.2	1429.0	1426.7	1424.9	1427.0	1425.8	1427.4	1427.4	1416.7	+10.7
Health & H	1289.6	1282.5	1278.5	1283.0	1282.8	1283.4	1282.5	1282.4	1289.5	1290.5	1289.3	+ 1.2
Water	1358.1	1358.2	1351.2	1348.7	1348.7	1345.4	1345.3	1345.6	1345.3	1345.3	1358.6	-133
Banks	1408.4	1412.5	1398.8	1404.0	1404.1	1406.8	1409.5	1411,5	14153	1413.4	1404.3	+ 9.1
Additional im												

## Fresh demand for Sun

A MIXTURE of takeover speculation, economic recovery hopes and reports that the UK government has agreed to pay out for acts of terrorism drove the composite insurance sector

sharply higher. The heaviest activity was in Sun Alliance, up 11 more at 355p on above-average turn-over of 7.3m shares.

There were hints that the recent burst of buying in Sun Alliance represented one major fund management group buy-ing large amounts of stock and that one of the UK's biggest insurance groups had unloaded

a large block of shares. Specialists, however, said that the level of business over the past two sessions indicated that a single buyer could have accumulated around 1 per cent of Sun Alliance shares.

Commercial Union advanced. 11 to 619p, General Accident 17 to 587p and Guardian Royal 7 to 182p. Royal Insurance suf-fered from switching into the other composites and closed 3 easier at 283p. asier at 288p. The \$145m worth of asset

| Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Wolksee Cleaning | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's | Day's sales by Lasmo, reducing its gearing by around five points, delighted the market and helped the shares leap 9 to 151p on heavy turnover of 6.9m. Other active oil issues mirrored the latest improvement in global crude oil prices.

Among the UK engineering

stocks, TI jumped 17 to 311p after the sector analyst at Credit Lyonnais recommended it as "the quality stock in the British Aerospace moved

ahead 10 to 177p on suggestions that it was on the point of disclosing a joint venture with Taiwan Aerospace. Suggestions in the market

that Queens Moat Houses would maintain the final dividend pushed the shares up 4 to 42p in active turnover. Forte, also busy, climbed 9 to 180p. The two classes of BT shares

### **NEW HIGHS AND LOWS FOR 1992**

NEW MIGHS (193).
AMERICANS (19) American T & T, Ameritech, Bell Adastic, Eichin, Eaton, General Elect, Lowe's, Rockwell, Southwestern Bell, Sun Inc., Varity, BAMIKS (4) Bark Soot, Lloyde, Natificat, Royar Bit, Soot, BLOG MATERIALS (2) Anglian, Wolseley, Bulliansess SERVIS (5) Brit, Oats Mingent, Inchespe, Rofte & Moten, Salvesen, Serco, Chiefman, Enfre & Moten, Salvesen, Serco, Chiefman, Electromatical (4) Affice Codolog, Crods, Euro, Cofour, Wolstamboline Rhit, Cofficul at Collection (1) NSM, ELECTROMICS (5) Biles, Cray, Diploma, Eurotherm, Macro, Misys, Mastione, Tunstadi, Elex AEROSPACE (1) Smiths, ERG GENERAL (46) Sarry Wehmüller, Carclo, Fid, Hallans, Powerscreen, Protest, Rotort, Siebe, Well, Constm., Vosper, Podo MANUF (5) Assoc, Brit, Foods, Firth, FOOD RETAILING (3) ASDA, Argyal, Loringraf Prozeni, Kerik Save, Morrison (Wm), Do 54 pp PL.

Park, Saimsbury, NEALTH & HOUSEHOLD
(5) AAH, Beepak, Intercare, Mayborn,
Unichams, HOTELS & LES (1) Mischessar
Ukd, NSCE COMPOSITE (4) Arest, Ind.,
Domestic & Gann, Royal, Sun Allianca, MSCE
LIFS (8) Britannic, Legal & Gen., Relage,
Transaffanic, Do Soc PL, Lind, Friendly,
MY TRUSTS (45) MEDIA (14) Cartion
Contras., Contral ITV, Daily Mell A, Jording
Kinderstey, EMAP, Headine, Johnston Press,
Read, Reuters, Selectiv, TvS Erst, 7-Apc
Pl. 18, Telegraph, Lind, Newse, Wethnoughs,
METTAL & METAL POSIMBEQ (1) Johnson
Matthey, MISC (8) Afragrung Furn, BAT
Inds., Blusbled Toys, Danka, Feber Press,
Linnet, Norbain, Plantsbrook.
HEW LOWS (13).
BLDG MATERIALS (1) Needler, CHEMICALS
(1) Anglo Ukd., HOTELS & LES (2) HI-Tac,
Zetters, MY TRUSTS (1) German Smill.
Co's Wis., MEDIA (1) Home Countree.

ers in the Footsie constituents after an Italian newspaper ran a story that BT was involved in talks with Stet with a view to taking a stake of between 10 and 20 per cent in the Italian state-owned telecoms group.

There was no official comment from BT on the story but telecoms specialists were sceptical that any deal would materialise. "BT has been unofficially denying the story all day, and there seems to be no financial or strategic benefits to BT." was the view of one leading analyst. BT shares settled 514 off at

390p on thin volume of 6.8m, while the partly-paid lost 5 to 285 %n on 2.2m.

### were among the worst perform- FINANCIAL TIMES EQUITY INDICES

Based on the trading volume for a selection of Alpha securities deall through the SEAQ system yesterday until 4 30pm. Trades of one million more are rounded down.

	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15	Year ago	High	Low
rificary stere	2159.7	2147.6	2092.5	2081.6	2067.3	1781.4	2159.7	1670.0
Ord. div. vleid	4.33	4.36	4.44	4 46	4.49	515	5.34	4.24
Earning yid % foll	5.93	5.97	6.09	6 10	6.17	774		-
P/E ratio net	21.54	21.41	20.99	20.92	20.74	16.21	21.54	15.79
P/E ratio nii	19.89	19.76	19.38	19.32	19.10	15.30		
old Mises	65.5	65.5	65.4	64 C	64.7	141 9	160.6	630
or 1992 Ordinary	share In	dex since	compilati	on, high :	2159.7 21/	12/92 - la	w 49.4 26	26/40
old Mines Index :								
asis Ordinary stu								

		,_								
Opeq	9.66	10.00	11.00	12.00	13.00	14.98	15,00	16.00	High	Low
2153.0	2153.6	2148.2	2152.7	2152.7	2154.6	2156.1	2155.9	21570	2160.0	2145.8
Volume		0	ec 21	Dec 18	9ec	: 17	Dec 16	Dec	15 Y	ear ago
SEAO Ba	reales	3	0.399	31,492	25.	334	22,716	22,0	03 :	22,215
Spally To	noover(£)	輔		1603.1	14	88.7	1247.6	114	11 1	926.35
Equity B		•	-	34,908	29.	064	26,013	25,6	09 :	23,401
Stares t		D†		770.7	69	26	625.3	489	.7	738.6
			business	and ove	rseas tu	TROVET				

London report and latest Stare lades Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

All of these securities having been sold, this announcement appears as a matter of record only.

8,000,000 Shares



**GTECH Holdings Corporation** 

Common Stock

1,600,000 Shares

The above shares were offered outside the United States and Canada by the undersigned.

Lehman Brothers International

Donaldson, Lufkin & Jenrette Securities Corporation

Morgan Stanley International

Paribas Capital Markets Group

6,400,000 Shares

The above shares were offered in the United States and Canada by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

**Lehman Brothers** 

Morgan Stanley & Co.

# **LONDON SHARE SERVICE** BRITISH FUNDS - htgh kw Int. Red. | 149c '96-1 | 1253 | 1253 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 1505 | 15 1047 13.31 1037 12.44 1037 12.55 1036 17.51 1037 10.55 1037 10.55 1037 10.55 1037 11.89 95.4 0.55 1037 11.89 95.4 0.55 1137 12.42 105 11.20 1037 12.42 1051 11.10 1037 9.65 8.51 9.50 8.51 8393 8.77 852 8.54 554 8.55 8314 8.64 8314 8.64 827 7.73 8153 8.54 9163 8.94 9163 8.94 10432 952 6933 10353 10312 7237 922 130 101 & 101 & 117[2] 11.84 97[1] 8.94 24]2 7.28 25]2 11.54 107[1] 10.12 97[2] 10.16 100[1] 10.18 100[1] 10.18 100[1] 9.11 94[2] 10.34 96[1] 9.08 131 à 111 à 27 à 137 à 137 à 137 à 137 à 137 à 137 à 138 à 138 à 1138 à

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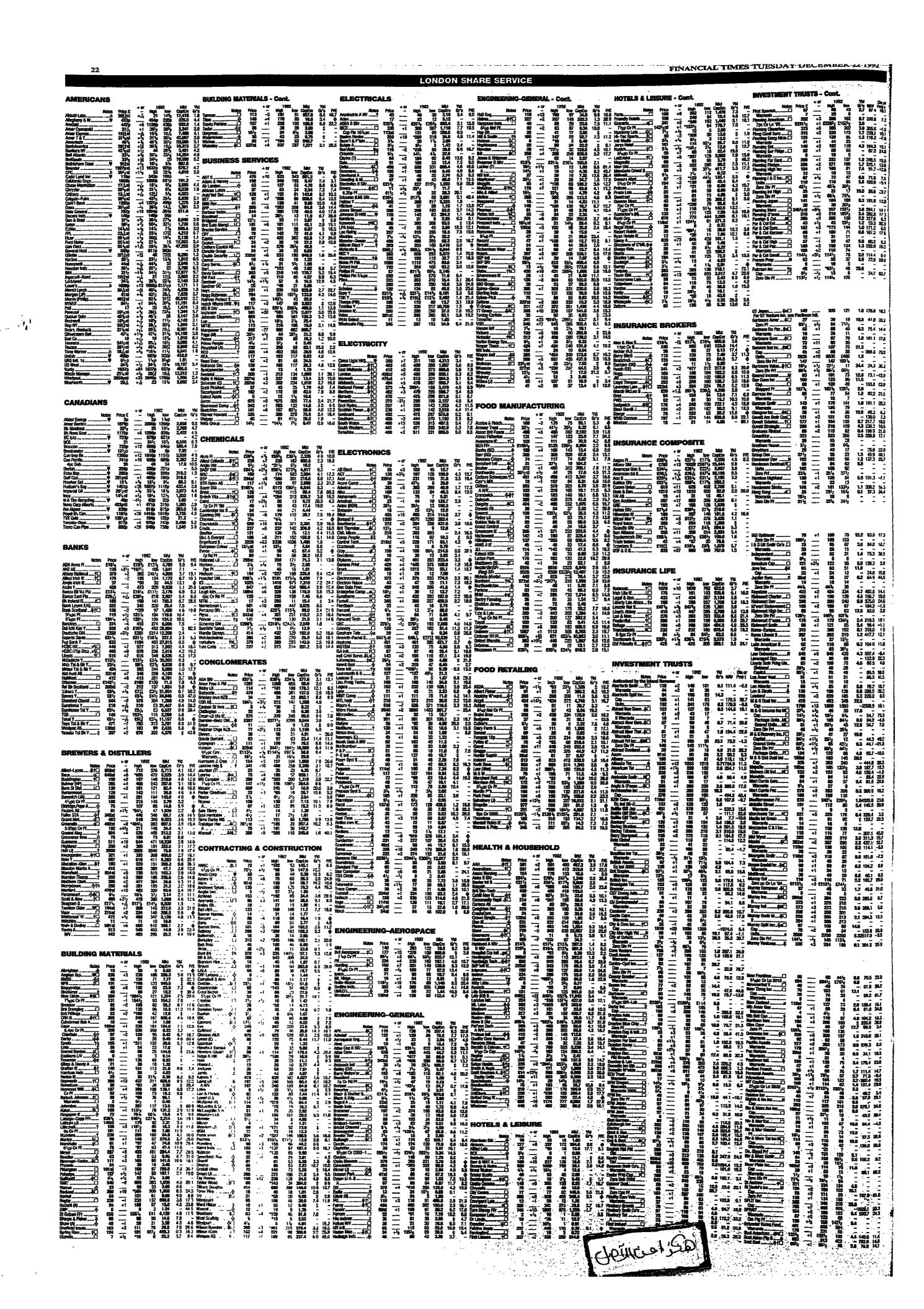


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Euroneze Fierd 114.3 121.6 +1.8 - Life Finals Process Fierd 114.3 121.6 +1.8 - Life Finals Finals Fierd 114.3 121.6 +1.8 - Life Finals Finals Fierd 114.3 121.6 +1.4 - J. R. J. Model Managed 1109.1 114.9 - Process Finals Fierd 1107.1 112.8 - Process Finals  ren Sarkty Fied 340.7 23.3 4 40.7 Sure Life Unit Assurance Life 340.7 23.3 4 40.7 Sure Life Unit Assurance Life 340.7 23.3 4 40.7 Sure Departments Fiel 340.8 23.5 1-15 Sure Barriage Bristal 8597 TS. 0272-52697 Sure Department Fiel 340.4 Sure Barriage Acc 723.7 70.18 40.1 Sur Field Field 327.2 327.4 40.4 Sure Life Field 327.2 327.4 40.4 Sure Life Field Field 327.2 327.4 40.4 Sure Life Field Field 327.2 327.4 50.1 Sure Life Field Field 327.2 327.9 327.4 50.1 Sure Life Field Field 327.2 327.9 327.9 327.9 Sure Life Field Field 327.2 327.9 327.9 327.9 Sure Life Field Field 327.2 327.9 327.9 Sure Life Field 327.2 327.2 327.9 Sure Life Fiel	19	5 Micros Fund 0 5 - 20.23	
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### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

## Franc fails to recover ground

NEITHER the US dollar nor the French franc made much headway against the D-Mark yesterday, as trading on the foreign exchanges ground to a halt in the run-up to Christ-mas, writes James Blitz.

After last week's dismal performance against the German currency, the French franc briefly rose above the level of FFr3.41 to the D-Mark yesterday morning, as short franc positions were unwound.

However, there was a spate of selling of the French currency at around lunchtime, and the franc again fell back to a close of FFr3.417, a touch weaker on the day. The market continues to believe that the franc will come under more concerted pressure in the New Year, when traders will be starting with fresh balance

sheets. The dollar gained ground afternoon in Europe, rising to a peak of DML5705 against the German currency. The US currency was mostly moved by technical factors and there were no US economic indicators. The dollar closed at DM1.5680, more than a quarter of a pfennig stronger on the day. Traders thought that today's final figures on Third

### **C IN NEW YORK**

Dec 21	Lates	Previous Close		
E Spot 1 month 3 months 12 months .	1.5649-1.5650 0.56-0.55pm 1.46-1.44pm 4.00-3.92pm	1.5665 1.5675 9.54 0.52pm 1.44 1.41pm 3.95 3.85pm		
Forward premio	ens and discounts ap	ply to the US dollar		

### STERLING INDEX

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### CURRENCY RATES I Ouch will Country to | Companyon to

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# **CURRENCY MOVEMENTS**

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### Morgan Guaranty changes at 1980-1982 - 100. Bank of England Index American 1985 - 1001 Parket are for the 18 OTHER CURRENCIES

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N Zesland .	3 0325 - 3 0360	L4325 · 1 9350
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### Quarter GDP would have scant impact on the market.

Longer-term prospects for the US currency remain unclear because of lingering uncertainty about the scale of the economic upturn in the US. Mr Jeremy Hawkins, senior

economic adviser at Bank of America, also believes that dol-lar trading remains rangebound because of the potential impact European factors will have on the currency.

In the New Year, for example, the dollar could gain safe haven status if political problems in Russia intensify, or if there are systemic problems in the European exchange rate mechanism. But a speculative attack on the French franc could push the D-Mark's value upwards across European currencies, and, hence, against the dollar, too.

The inflation figures issued against the D-Mark yesterday in recent days by the leading afternoon in Europe, rising to a German lander do not bode well for the cut in German offi-

cial interest rates which could take the steam out of the ERM tensions. The cost of living in the German state of Bavaria climbed 0.2 per cent in the

month to mid-December for a

year-on-year rise of 4.0 per

cent. In the year to mid-November, prices were up 40 per cent for all western Germany. One other area of interest yesterday was the D-Mark/lira cross. The Italian currency continued to suffer from politi-cal uncertainties and rising expectations of a rate cut by

the Bank of Italy. The lira slid through the L900 support level in early trading, bottoming out at L903 per D-Mark from a previous close of L898. It later rose again, to close almost unchanged at L898.1.

Sterling closed slightly weaker against the D-Mark at DM2.4525 from a previous close of DM2.4500. Against the dol-lar, the pound closed more-orless unchanged at \$1.5645.

EMS EUROPEAN CURRENCY UNIT RATES								
į	Ecu Central Rates	Carrency Amounts Against Eco Dec. 21	% Change !rom Central Rate	% Spread to Weakest Carrence	Divergence Indicator			
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Ecu central rates set by the European Commission Correncies are in descending relative strength. Percentage changes are for Ecu a positive change desoits a weak correct, Divergence shows the ratio between two spreads the percentage difference between the actual market and Eco central rates for a correct, and the maximum permitted percentage deviation of the correcty's market rate from its Ecu central rate.

17(7) Sterring and Italian Lora supported from ERM Adjustment calculated by Financial Times.

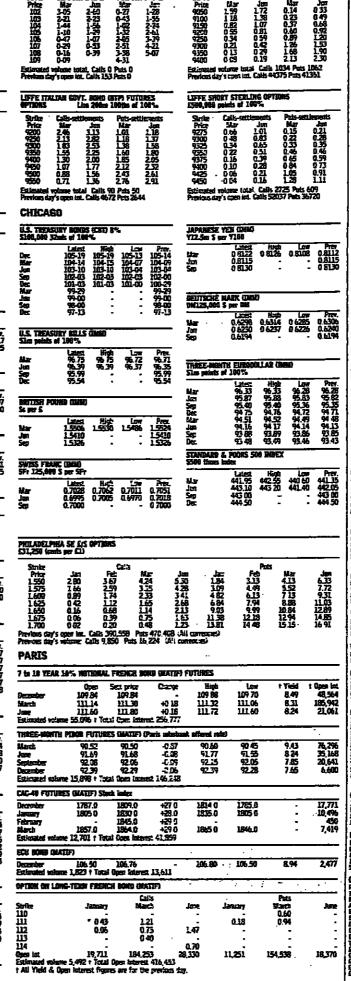
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EURO-CURRENCY INTEREST RATES								
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			EXC	HA	<u>NGE</u>	CR	oss	RAT	ES			
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### FINANCIAL FUTURES AND OPTIONS LIFFE LONG GILT FUTURES OFTENS 550,800 64%; of 100% LIPPE US TREASURY BORD FUTURES OFTIONS S100,808 640s of 198% LIFFE ITALIAN GOYT. BOND ONTY: FUTURES IPTIONS Line 200m 190ms of 1005 Pets-Mar 101 138 140 185 212 243 276 Mar 0 12 0 20 0 30 0 44 0 61 0 81 1 02 1 24 Calls-sett Mar 0 43 0 29 0 18 Puts-Mar 0.22 0.33 0.47 Jan 0.86 0.67 0.51 Nick Law 105-19 105-13 104-15 104-07 103-10 103-04 102-03 102-03 101-03 101-00 Pres. 105-14 104-09 103-64 102-00 100-29 99-29 99-00 96-00 97-13 105-19 104-14 103-10 102-03 101-03 99-29 99-00 97-13 LONDON (LIFFE) 9% MOTIONAL BRITISH GILT ESO,000 32ml of 100% Close High 100-10 100-14 99-17 99-24 96.72 96.37 Éstimated volume 4221 (2520) Previous day's open int. 52241 (52201) IS TREASURY BONDS 8% 109,809 32mb of 100% 106-16 106-16 104-10 104-19 01.95 91.95 91.99 91.98 91.77 Esturrated volume 12754 (21103) Previous day's open let. 127078 (124529) Low 107.58 High 107 61 Estimated volume 261 (298) Traded exclusively on APT PHILADELPHIA SE LIS OPTIONS 531,250 (costs per £1) High 93 73 High 93.35 93.64 93.64 93.34 92.95 92.55 **PARIS** Est. Vol. (Îrc. tigs act stoom) 11699 (18409 Previous day's open Inc. 212227 (208445)



LIPPE BURD FUTURES APT. DH250,000 paints of 100%

### **BASE LENDING RATES** Adem & Concern Cyccus Popular Bank \_\_7 Mount Banking Northern Sank Ltd ..... Nykedt Mortgage Bnk 7.5 B & C Merchant Bank ... 13 Benk of Berode .......... 7 Benco Bilken Vizceya.... 7 Pnendel & Gen Bank \_7 ●Robert Fleming & Co....? Rooburghe Benk Ltd ... 9 Poyal Bit of Scotland ....? •Smith & William Secs...7 Standard Chartered ..... 7 OGUINNOSS Mahon ..... 7 Bank of Cyprus ... Bank of Ireland ... Habib Bank AG Zurich \_7 Bank of India ... Hampshire Trust Pic ..... 13.5 Hedisble & Gen liby Sk. 7 Bank of Scotland ... OUnited Bit of Kunet ..... 7

### Brit Sk of Wild East ..... Unity Trust Bank Pic ... 7 Western Trust ......... 7 CHI Samuel.....7 Brown Shipley .. CL Bank Neder C. Hoare & Co ..... Honglong & Shenghei... 7 Julian Hodge Bank ...... 7 ØLeopoid Joseph & Sons 7 very Laktherr Citibenk NA. Clydesdale Bank ..... Co-operative Bank ..... Licyds Bank. Meghrej Barik Ltd ...... 7 McDoznell Douglas Bk. 7 dng 8

### **MONEY MARKETS**

Fination rate, Iran Official rate (99.30 GA 20.

### European futures fall

FRENCH FRANC futures were a touch weaker yesterday as the French currency failed to make much headway above the lows that were reached against the D-Mark last week, writes James Blitz.

Trading was extremely quiet in European cash and futures markets at the start of the Christmas week. In the sterling market, short-dated futures were priced lower on rumours that there will be no further cuts in UK base rates for some time.

### UK clearing bank base lending rate 7 per cent from November 13, 1992

In the French franc futures market, the March contract fell 3 basis points to close at 90.49 after the currency failed to make much headway on the foreign exchanges after an initial rally. At this level, the market is saying that 3-month money in France will be at 9.51 per cent in the spring - substantially below the current figure of 12% per cent. The implication is that something will have to give in the battle of the French franc.

Trading in German futures was quieter. The March contract rose two basis points to close at 92.06, pricing in 3 month money in late spring at 7.94 per cent.

In the cash market, German

call money edged higher on Monday in line with the decline in bank reserve levels. Traders quoted cail money at 8.80-8.90 per cent, slightly higher than Friday's 8.80 per cent, and said that banks were experiencing a drain of liquidity from this month's tax

payments. Short-dated sterling futures fell sharply yesterday following Sunday newspaper reports that Mr John Major. the UK prime minister, had indicated that he was averse to any more cuts in UK base rates for the time being.

The March contract fell 10 basis points on light trading to close at 93.27, while the June contract fell more sharply, by 11 basis points, to close at 93.56.

The FT survey of city forecasters showing greater pessimism than the government in forecasting inflation over the next two years also helped to dampen

sentiment. The Bank of England forecast a shortage of £350m at the start of the day, and later revised that to a flat position There was late assistance of £60m suggesting that there were shortages somewhere in the banking system after all. Three month money finished virtually unchanged at around

### FT LONDON INTERBANK FIXING (11 00 am Dec.21) 3 months US doffars 6 months US Dellars ale 312 bid 3,2 offer 32

Est. Vol. (inc. figs. not stoem) 378 (1216) Previous day's cose est. 18323 (18163)

Estimated volume 13649 (39863) Previous day's open lot. 364891 (366964)

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94.46 94.90 95.07 95.09

Estimated volume 3248 (5033) Previous day's open let. 37399 (37353)

Estimated volume 111 (226) Previous day's open int. 14815 (15006)

Estimated volume 7113 (9927) Previous day's open int. 38438 (33658)

POUND - DOLLAR

FT FOREIGN EXCHANGE NATES

Contracts traded on APT. Closing prices shows

Spot 1-mth 3-mth 6-mth 12-mth 1.5645 1.5590 1.5501 1,5387 1.5248

2848 0 2352 0 2809.0 2870.0 2840 0 2840.0

FT-SE 100 INDEX \* 125 per full ladex point

90.34 91.55 92.10 92.30

The fining rates are the arithmetic means rounded to the nearest one-statement, of the bid and offered rates for S10m cornel to the mystest by The reference banks at 11.00 a.m. each working day. The banks are National Westmissier Bank Earl of Toylo Describe Bank Earls deep Rational de Paris and disrepas Governaty Firest.

NEW YORK			Treasur	Bills and	Bonds	
Lunchtime Prime rate Broker Joan rate Fed Jungs Fed Jungs at Intervention	6 7 5 5 31 <sub>8</sub> 1	One month Two month Three month Sir month Too year Two year	· ·	3.40 10-ye 3.64 30-ye	) CF	6.38 6.70 7.40
Dec. 21	(क्षण वृद्धे के <sub>क</sub>	Cae Month	Two Months	Three Months	Şix Montis	Lombard Intereption
Frankfyri Pari, Zerich Amsterdam Tokyo Sillon Brissoli Duglin	8 80 8 90 93 - 104 62 - 64 8 62 - 86 36 - 36 12 2 - 12 4 16 - 18	9 05-9 20 12-13 6,2-6,3 8 66-8 80 33-34,3 14,6-14-1, 8 13-4,1 22-25	9 00-9 10 : : : : : : : : : : :	9:00-9:10 11 %-12 % 6 %-6 % 8:55-8:70 3 %-3 % 13 H-14 % 813-8 % 18-19	8.55-8.65 : : : : 151 <sub>4</sub> -16	9.50 9.10 - - - - -

LONDON MONEY RATES								
Dec 21	Overnight	7 days notice	Ore Month	Three Months	Stx Months	One Year		
Interbant Offer  Interbant Birl  Sterling CD  Local Authority Deps  Local Authority Bonds  Discount Mirr Deps  Company Deposits  Finance House Deposits  Finance House Deposits  Finance House Deposits  Finance House Deposits  Finance House Deposits  Finance House Deposits  Finance House Deposits  Finance House  Birls (Buy)  Bant Birls (Buy)  Bother CD;  SDP Linked Dep Offer  SDP Linked Dep Offer  ECU Linked Dep Offe	8 514 	714 715 715 716 - - - -	7-17-7-17-7-17-7-17-18-18-18-18-18-18-18-18-18-18-18-18-18-	74777 74866 - 2476464 1114	7667	7348 62 885 542		

Treasury 81th; iself) one-month 6% per cent, three months 6% per cent, six months 6% per cent; Bank Bills self) one-month 6% per cent; three months 6% per cent; Treasury 81th; Average tender rate of discount 6 3875. ECCO Fixed Rate Sterling Export Finance, Maje up day lovember 30 1992 Agreed rates for period December 26, 1992 to Jamany 25, 1993, Scheme 1; 271 pc. Schemes 10, 81 m 8 54 pc. Reference rate for period October 31, 1992 to Northera 6; 271 pc. Schemes 10, 82 pc. Local Authority and Finance Houses serus days' notice, others seven days' notice, others and type fixed Finance Houses Base Rate 8 from December 1, 1992; Bank Deposit Rates from mit seven days notice 4 per cent. Certificates of Tax Deposit Series 6). Deposit E00,000 and the notice month 3½ per cent, one-there months 6 per cent, three-six months 5½ per cent one-there months 6 per cent, three-six months 5½ per cent from New 15, 1992. Deposits withdrawn for cash 14 per cent.

### **BANCO DI NAPOLI** US\$ 100,000,000

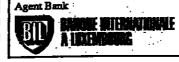
SUBORDINATED FLOATING RATE

DEPOSITARY RECEIPTS DUE 1996

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Depositary Receipts, the rate of interest for the six months period from December 21, 1992 to June

The interest payable on June 21, 1993 will be US\$ 203.33 in respect of each US\$ 10,000 Note and US\$ 2,033.28 in respect of each US\$ 100,000 Note.

21, 1993 (182 days) has been fixed at 4.02188% per annum.



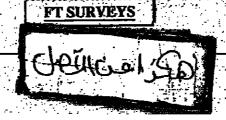
Counts & Co.



The FT proposes to publish this survey on March 2 1993

Japanese markets like their European counterpia boes hit by the current world reason but Japan restor economy with enormous potential. In a special survey, the Fauncial Times seports on developments affecting Japanese fusancial sectors perspective for anyone wanting to do business in 1

ther information, ple Tatsuko Dewes Tel: 071-873 3260-Pas: 071-873 3595



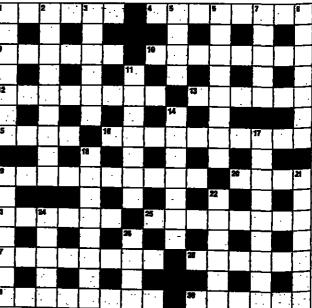
# Money Market **Bank Accounts** Halifax Bidg Sec Asset Reserve Cha Tristy Road Halifax RX1 286 E5,000-E9 900 Net CAR Net Co 0800 282115 2.44 1.29 Otr 3.52 4.79 Otr Julian Hodge Bank Ltd 10 Wasser Place Cardiff CF1 38X 6 No Ford Res Do Act... 18 00 Fords Res Do Act... 18 00 Altken Hume Bank pic O City Road, EC1Y 2AY. Humberchyde Finance Group 5 Bartley Way, Hook, Easlegstoke 650 todd 071 529 7 ائلا جمد ook of Scotlan er & Ca Ltd Caledonian Bank Pic Tyndali & Ce Liti 29-33 Primario J. Henry Schrader Wagg & Co Ltd Western Trust High Interest Chemie Act The Monycentre, Prymouth PLI ISE 0752 22410, (15,000-6-6-00-6-6-5) 4 88 | 666 07 55,000-6-6-00-6-6-5 469 6-60 07 11,000-6-4-999..... 6 00 4.50 6.40 07 w-Card Based ert Accessed. 7.03 | Mrs. 511 | 7.03 | Mrs. 510 | 7.03 | Mrs. 510 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 | 6.05 673 625 475 NUTES—Group Contraction rate of interest payable set lability account of the distinction of basic sate from the **CROSSWORD**

MONEY MARKET FUNDS

Money Market

Trust Funds

### No.8,035 Set by VIXEN



**ACROSS**  7 Ring a poor actor up in the USA (5)
 8 Are you old-fashioned, reflec- Bacon could be comparatively audaclous (6) Stately homes - and falling to bits (8)

9 Ram after several swerves (6)
10 The renegade offered a job scoffed (8)
12 Made up and performed (8)
13 In time 10 blunders (6)
15 Not keen, being stupid (4)
16 Copes with work stoppage (10) (7)
11 Lively article written about singular concern (7)
14 Green as can be, so causes much annoyance (7).
17 Bring in a social worker it's vital (9)
18 Means to swindle over money

(10)
19 Surprise raid police may
make from time to time (10)
20 Copiers among the cheapest
available (4)

13 There now! (7)
21 The poet appears a prodigal individual (7)
22 Getting off before the terminus, tread on people's boes (6)
24 Much inclined to dance will accept direction (5)
26 African wasteland (4) 23 Notes to croon - so soothing 25 Through with pressure as a matter of course (8)
27 Point to nicer new structure

(8) Soldiers draw back pay (6) Records test that's material (8) 30 Rioted, upsetting a top man

28 Soldiers draw back pay (8)
29 Records test that's material
(8)
30 Rioted, upsetting a top man
(6)

DOWN
1 Greatly honoured, though always getting into debt (7)
2 A foreigner sheltaring many a killer (9)
3 The team even set about the French (6)
5 A politician's current measures (4)
8 Stride out on a sea-going vessel and there'il be trouble! (8)

Solution to Puzzle No.8,634

MOLLE CULLE BALLLAD

ART II CHOKE BALLL

Solution to Puzzle No.8.634

(8) 19 There now! (7)

tive, all a viewer should be?

The PT Christmas excessword competition will appear in Truit day's paper. First prize is a \$500 Pelikan Toledo fountain pen and other prizes are Pelikan Souveran pens.

NOTES - Prices on this page are as quoted on the Individual exchanges and are mostly last prodet prices. Its bearailable, a Dealings suspended, at Ex dividend, at Ex serip issue, ar Ex rolls, see Ex all.

+120

**FINANCIAL TIMES** 

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96% 80 Norwa Nord
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17% 15% No Nord
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17% 15% Sheen N M 1

Tid. P/ Sta Div. % E 1860 Hegs 1,16 2,712 989 4314 1024 35 4 675 634 251238 224 1,05 6,6 122 155, 1,06 8,7 13 164, 1,08 8,7 13 164, 1,08 8,7 13 164, 1,08 8,7 13 164, 1,08 8,7 13 164, 1,08 6,7 13 164, 1,08 6,7 13 164, 1,08 6,7 13 164, 1,08 6,7 13 164, 1,08 6,7 13 164, 1,09 6,8 12 175, 1,09 6,4 43 125, 1,09 6,4 43 125, 1,13 7,1 157 18 1,13 7,1 157 18 1,13 7,1 157 18 1,13 6,8 153 164, 1,13 6,8 153 164, 1,13 6,8 153 164, 1,15 6,8 164, 1,15 6,8 164, 1,15 6,8 164, 1,15 6,8 164, 1,1

+12

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30 Ф 3 pm December 21 

Chiga Crose High Low Stock Close Fig. 1. 1. 1922 | 1. 1. 1923 | 1. 1. 1924 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 1925 | 1. 19 Yiel, Pf She
Div. % E 100a High Low G
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i 0.45 81 8 62 73, 74
s 57 31 74 67
i 403342 94, 87
i 0.50 2.7 3 742 297 233 1982 Migh Low Stack Dr. % 65 542 42 k Curm Erd 5 3.50 6.5 576 8.51 Curm Erd 1 0.20 0.4 137; 12 k Current in 1.00 7.6 1 34 27 k Curf Wr 1.00 3.2 83; 412 CV Flett 0 45 61 83; 53 Cycare Sys 183; 73 Cycare Sys 184; 73 Cypres Se 44 453 Cypres Si 32 181; Cypres Min 0.50 2.7 

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1992 Yal. Pf Sie Pick Stock Otto, % E 1996 P 22000 ( 53<sup>1</sup>2 76<sup>5</sup>2 12<sup>1</sup>4 31 7<sup>1</sup>5 6<sup>7</sup>4 9 57<sup>5</sup>8

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EBRS 1991

FT SURVEYS

# Dow weakens slightly after Friday's gains

### Wall Street

US share prices weakened slightly across the board as investors gave back some of the big gains earned in last Friday's "triple-witching" rally, writes Patrick Harverson in

By 1 pm the Dow Jones Industrial Average was down 8.10 at 3,305.17, near its lows for the morning session. The more broadly based Standard & Poor's 500 was also lower at the halfway stage. down 1.28 at 440.00, while the Amex composite gave up 1.41 at 390.62 and the Nasdaq composite eased 0.07 to 661.22. Turnover on the NYSE was busy at 132m shares by 1 pm, and declines outnumbered rises by 982 to 699.

The market's 44-point advance on Friday was primarily the result of buying related to the "triple-witching" expiration of stock and stock-index futures and options, so analysts expected prices to open weaker yesterday.

The underlying mood of the market, however, remained optimistic, which helped to limit the early losses. Observers believe investors are increasingly confident about the economy and the long-term prospects for corporate earnings. This upbeat mood has fuelled the recent rally, and although some institutions had already closed their books for the year, some analysts were not ruling out further gains in the final days of the year.

IBM dropped another \$1% to \$491/2 in turnover of 8m shares following the announcement that two retired executives were being re-hired to help Mr John Akers, IBM's chairman,

run the computer group.
Time Warner firmed \$% to \$2914 on the news that Mr Steven Ross, the group's chairman, had died of cancer over the weekend, and that eight advanced 1 to 836. De Beers senior directors would be leav-

long boardroom struggle at the

entertainment giant. USAir dropped \$1 to \$12 as hopes faded that government authorities would approve the proposed alliance between the carrier and British Airways. A last-ditch attempt last weekend by Mr John Major, the UK prime minister, to persuade President George Bush to give the green light appeared to

National Health Laboratories dropped \$6% to \$16% in turnover of 3.1m shares after the company pleaded guilty to charges of healthcare fraud and agreed to pay \$110.4m to settle claims involving clinical testing procedures and the Medicare programme.

On the American Stock Exchange, Ivax Corp plunged \$4% to \$30% in turnover of 1.3m shares after PaineWebber, the Wall Street broking house, had downgraded the stock

from "buy" to "attractive". On the Nasdaq market, Ross Cosmetics climbed \$1% to \$11% after the company reported fiscal first quarter income of 22 cents a share, up from 17 cents a year earlier.

TORONTO stocks remained under pressure at midday on profit-taking and weakness in gold shares, led by Placer Dome, down C\$14 to C\$15, after bullion futures dropped more than US\$3.

The TSE-300 Index fell 14.6 to 3,305 in volume of 18m shares valued at C\$151m. Declining issues led those advancing by

### **SOUTH AFRICA**

JOHANNESBURG was firmer in dull trading with the overall index 14 higher at 3,227. The industrial index gained 11 to 4,291 while the gold index rose R1 to R58.75 and Anglos

### By John Pitt

SPATE of bad corporate news, both in Europe and the US, failed to leave a negative impression on the FT-Actuaries World Index last week, and there were some strong performances, from Ireland and Singapore in particular. The World index gained 1.6 per cent in local currency terms.

Even IBM's announcement of job cuts and a decision to take a \$6bn fourth-quarter charge to cover a restructuring programme, leaving the stock at an 11-year low by the weekend, failed to dent sentiment in the US. Instead, the talk at the round of pre-Christmas parties concentrated on the US economic recovery, and even President-elect Bill Clinton's "phone-in" on the state of the nation could not stifle the

mood of outimism. Ireland came to the fore last week with a 5.8 per cent rise on sustained expectations of a currency devaluation. Over the last quarter, the market has risen some 7 per cent in local

Bourse	Aug	Sep	Oct	Nov	US
	1992	1992	1992	1992	Sbn
Belgium	41.38	42.76	47.56	43.93	1.34
France	64.52	134.26	108.08	92.39	17.07
Germany	101.72	109,19	98.85	92.20	57.84
ltaly	6,039.60	10,808.00	17,112.00	24,248,80	17,40
Netherlands	9.80	14,41	14.00	11.70	6.53
Spain	317.47	578.78	687.70	619.31	5.12
Switzerland	9.01	13.40	11.78	11.60	8.07
UK	26.68	45.30	39.76	39.57	59.82

currency terms, compared with OMV, mainly on selling by foreign institutions.

0.8 per cent in Germany and I per cent in France, but is 12 per cent down since the start of the year.

Elsewhere in Europe, Sweden was a feature, helped by lower domestic interest rates and a stronger dollar. Other Nordic markets lost ground, mainly on year-end profit-

Austria showed up as one of the week's worst performers following Creditanstalt's warning that it planned a 6 per cent cut in its 1992 dividend, and a heavy fall in the share price of decline in activity, with the exception of Italy which continued a trend that began the month before. However, while turnover there jumped by more than 41 per cent, most of tors, says Mr James Cornish at County NatWest Securities. which collates the data. By showed the biggest fall, of some 16 per cent.

**EUROPEAN** volume figures for

November reveal a general

Corporate gloom fails to dent optimistic mood

Jardine Matheson Group. Most analysts believe that Hong Kong will remain a volatile market right up to the Legco vote in early February. Institutional investors have consequently switched some of their funds away from Hong Kong to other markets in the region, with Singapore seeing some benefit.

According to Kim Eng Securities, Singapore looks poised for a sustained rally in 1993, particularly if the government decides to reduce corporate tax significantly in the spring

MARKETS IN PERSPECTIVE								
	4.0	theoge in lo	ud currency 1		% change sterling †	% change in US \$ 1		
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1982		
Austria,	-2.53	-6.06	-18.12	-16.16	-3.18	-18.99		
3elgium		-1.99	-0.43	-2.58	+ 12.83	-5.59		
Denmark	-2.20	+1.24	-24.58	-24,14	-11.50	-25.96		
inland	-3.16	+8.16	+15.49	+ 13.29	+9.16	-8.66		
rance	-0.12	+ 1.89	+ 2.93	-0.40	+ 15.42	-3.43		
Sermany	+0.74	-3.41	-8.05	-8.40	+6.08	-11.24		
reland		+9.86	-12.51	-12.37	+ 1.02	-15.48		
taly	+0.73	-6.71	-11.42	-12.31	-14.33	-28.32		
letherlands	-0.47	+ 1.63	+ 4.47	+ 4.55	+21.19			
lorway		+7.65	-9.36	-9, 15	-3,83	-19.54		
Spain	+1.77	+2.26	-6.87	-10.74	-7.36	-22.49		
weden	+ 2.03	+6.76	+ 18.67	+ 14.88	+9.62	-8.28j		
witzerland	+2.07	+7.70	+21.38	+ 18.74	+ 36.38	+ 14.11		
K	+3.01	+2.78	+ 16.04	+ 12.64	+ 12.64	-5.75		
UROPE	+1.62	+1.59	+6.03	+ 3.71	+ 11.07	-7.06		
Australia	+ 1.36	+8.52	-6.34	-10.35	-2.53	-18.44		
long Kong	-0.20	-11.74	+21.34	+18.25	+42.11	+ 18.91		
adan	+ 1.60	+ 5.34	-19.56	-20.49	-3.70	-19.42		
Aalaysia	+0.22	-2.20	+20.46	+17.29	+47.78	+ 23.65		
lew Zealand	-1.45	+4.96	+0.02	-7.39	+ 6.02	-11.28		
ingapore	+3.14	+7.85	-0.74	4.13	+ 13.17	-5.31		
Migshore	7 3, 17							
anada	+ 1.38	÷ 1.69	-2.07	-6.92	-0.94	-15.55		
ISA	+ 1.70	+3.20	+ 15.29	+5.99	+ 26.67	÷5.99		
Aexico	-0.47	+6.11	+ 27.15	+ 18.82	+ 38.50	+ 15.86		
iouth Africa	-0.92	+6.22	-10.59	-10.21	-29.62	-41.11		
FORLD INDEX	+1.58	+3.18	+1.02	-3.24				
Based on December o.,and County NetW	18th 1992. est Securities	Copyright, 7	he Flauncie	Times Us	tted, Galden	m, Sacha &		

# Continent starts Christmas week on buoyant form

BOURSES were mostly firmer at the start of the Christmas holiday week, writes Our Mar-

FRANKFURT hit a two-week high, the DAX index closing 23.54 or 1.6 per cent higher at 1,515.58, but professionals were not happy about the foundations for the rally. Turnover fell to DM3.9bn from Friday's DM10.4bn, the latter inflated by the "triple-witching" expiry of DTB options and futures contracts.

Dealers said that the shortcovering which took the DAX up by 1.1 per cent on Friday was still a factor yesterday, since December contracts could still be covered until

The big rises came in stocks which have recently suffered the most. In carmakers, Volkswagen rose DM6.40 to DM244.30, and Daimler by DM14.50 to DM524 after last

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Ocea 10.30 11.00 12.80 18.80 14.90 15.09 Close Hourly changes FT-SE Eurotrack 280 1140.90 1141.68 1142.72 1143.64 1145.20 1145.37 1145.02 1145.44 Dec 18 Dec 17 Dec 16 Dec 15 Dec 14 FT-SE Eurotrack 160 FT-SE Eurotrack 200

progress reports. Construction shares recovered after Friday's drop, with Hochtief up DM18 to DM928 and Holzmann DM6 better at DM766.

PARIS ended just below the day's high, driven by futuresrelated buying and windowdressing ahead of the year end. The CAC-40 index closed up 26.17 or 1.5 per cent at 1.786.29 in turnover of FFr2.5bn.

Financial stocks were sought on hopes of a cut in interest rates. Paribas added FFr9.70 to FFr359, Société Générale rose

Base value 1000 (26/10/90) Highriday: 100 - 1060.48; 200 - 1145.72 Lourday: 100 - 1056.57 200 - 1140.61 FF18 to FF1581 and UAP put on FFr25.1 to FFr469.

Peugeot bucked the trend

Oil issues in general had a

dismal week, with Petrofina contributing largely to Bel-

gium's negative showing after

news last Monday that the

company would be cutting its

dividend by 50 per cent. In

France, speculation that the

franc would be devalued put

Among the Far Eastern mar-

kets, Singapore stood out as

Hong Kong again suffered from

the "China effect", this time as

its neighbour launched a

pressure on the market.

losing FFr12 to FFr560 on reports that a UK buyer had withdrawn from the market. MILAN was lifted by strong insurers and telecoms as the Comit index added 3.19 to

428.87 in turnover estimated at

close to Friday's L151.3bn.

A report in an Italian weekly that British Telecom was interested in buying a stake of between 10 and 20 per cent in Stet got the market going, and

A press report that the government was considering the partial liberalisation of compulsory car insurance sent insurance stocks higher as Generali rose L255 to L27,450 while Ras put on L315 to

Sirti rose L399 to L7,899 on news that it had won a L40bn

order in Romania. AMSTERDAM was brighter with only Philips, down 40 cents at Fl 19.00, and Royal Dutch, 90 cents lower at FI 147.60, among major stocks going against the trend. The CBS Tendency index advanced

0.9 to 104.4. DSM rose F1280 to F173.30 as it recovered some of last week's losses on confirmation of lower fourth-quarter earnings. Heineken was Fl 2.00 stronger at Fl 173.80 while Daf put on another 30 cents to

F17.70. Nedlloyd rose 20 cents

Friday's close that the supervisory board had asked Mr Torstein Hagen to vacate his seat. STOCKHOLM extended Friday's rally, spearheaded by export-oriented companies. The Affärsvärlden general index rose 21.1 or 2.3 per cent to 921.4 in turnover of SKr920m. Astra

accounted for SKr105m of the total, as its A share added SKr17 to SKr750. were

SKF bucked the trend, dropping SKr0.50 to SKr69.50 on worries that the ball-bearing group faced possible downgradings by credit agencies after last week's official forecast of a pre-tax loss after financial

items of SKr1.8bn in 1992. ZURICH was mixed with the SMI index advancing 1.7 to 2,047.7. Nestlé and Roche weighed on sentiment with the former's bearers slipping SFr10 to SFr1,125 and the latter's certificates down SFr20 at

to Fl 28.70 following news after SFr4,060. But Roche bearers closed up SFr50 at SFr5,750. Ciba registered shares resisted the downward trend towards the end of the session, closing SFr6 higher at SFr632.

MADRID's general index gained 2.85 to 218.51 on the back of strong financial stocks. COPENHAGEN'S KFX index fell 0.57 to 76.48, as Baltica lost DKr23 to DKr185 on staff cuts in its banking unit. East Asiatic fell DKr5 to DKr79.50 after failing to reach agreement on selling seven Plumrose meat preserve plants to a Danish

consortium. VIENNA saw Universale going against the trend with a fall of Sch35 to Sch760, but off the day's low of Sch745, on a foreign sell order. The ATX index gained 6.13 to 722.9 with OMV recovering Schil to Sch578, after last week's losses.

ISTANBUL's 75-share index closed 8.48 higher at 4.030,76 on demand for cement stocks.

# Nikkei loses early gains on profit-taking

### Tokyo

REPORTS that additional pen sion funds would be invested in the stock market encouraged early trading, but share prices closed marginally lower on afternoon profit-taking by investment trusts, writes Emiko Terazono in Tokyo.

The Nikkei average was finally 35.30 down at 17,645.44, after a morning high of 17,787.56 and an afternoon low of 17,597.59. Tokkin, or specified money trusts, were also seen placing sell orders.

Volume contracted to 250m shares from 320m. Declines led advances by 486 to 481, with 181 issues unchanged. The Topix index of all first section stocks, however, gained 2.0 at 1,345.77, and in London the ISE/Nikkei 50 index edged up 0.35 to 1,096.27.

Weaker futures prompted light arbitrage selling in the afternoon. Investors offered little response to the govern-ment's budget draft for next fiscal year to March 1994; this involved a 0.2 per cent rise in

nerai account spendin Y72,354.8bn, the smallest spending growth in six years. Isuzu Motors, the most active issue of the day, rose Y27 to Y317 on reports of a business tie-up with Honda. Investors focused on those

reports rather than news of Isuzu's withdrawal from passenger car products. announced at the same time. Hyogo Bank, the ailing regional bank, finished Y24 cheaper at Y586 on profit-taking. Up last week on reports of aid from financial authorities,

Hyogo continued to rise in the

morning but fell later on sell-

ing by dealers. Some high-technology issues rose on hopes of an early US economic recovery, Toshiba by Y5 to Y650 and Sony by Y50 to Y4,250. "The worst of the news has been discounted for electricals, and early buyers are coming in," said Mr Mike Jeremy, electronics analyst at Baring-

The Japan Securities Dealers Association suspended afternoon trading of Jax, an import car dealer listed on the over-

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the-counter market, to allow investors to confirm reports that Volkswagen, of Germany. had linked with the company. Jax declined to comment. The company is currently the sole distributor for Renault but is said to be terminating its agreement with the French

> Yokohama Matsuzakaya, the department store which was rumoured to be targeted by foreign speculators, dropped Y85 to Y490 on profit-taking. In Osaka, the OSE average gained 27.91 at 19,117.68 in volume of 31.9m shares.

### Roundup

THE MAIN features in the region yesterday were Hong Kong and Taiwan.

HONG KONG gained as overseas bargain hunters sparked a surge of afternoon buying. The Hang Seng index ended at 5,242.48, up 49.82, as turnover dropped to HK\$1.85bn from Friday's HK\$3.04bn.

Jardine Matheson Holdings closed HK\$1.75 off at HK\$41, after an early low of HK\$40.50.

active HSBC Holdings, which rose 50 cents to HK\$52.50.

TAIWAN closed 2.2 per cent weaker after the ruling Nationalist party's poor performance in Saturday's parliamentary elections, but bargain hunting lifted prices off early lows.

The weighted index, which was down some 130 points at mid-morning, ended 81.90 off at 3,576.09 in T\$13.5bn turnover. Brokers said the strong gains

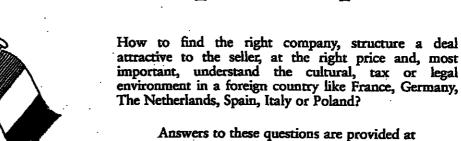
in the elections by the main opposition, the Democratic Progressive party, had sparked fears of conflict in parliament and worsening divisions within

the ruling party.

AUSTRALIA was lifted to a 16-week high by strong buying of leading stocks, in the wake of major gains on overseas markets. The All Ordinaries index finished 21.4 ahead at 1,537.0, but off a high of 1,541.6,

in turnover of A\$351.8m. BOMBAY rose as stateowned mutual funds bought into an illiquid market. The BSE index added 65.21 at 2,542.10. It opened strongly but turned back on profit-taking.

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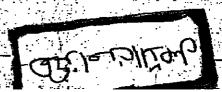


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### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY DECEMBER 18 1992								THURSDAY DECEMBER 17 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Indes	Day 9 Change *a	Pound Starting Index	iebni Léu	IAG epol	total Currency Indo	Local 2° chg on dav	iáross Div Yield	US Dollar Inde	Pound Sterling Inde:	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	123 03	+ 1.4	116.51	95 39	100 14	118 3	r +12	4.11	121 29	114.28	94.42	98.53	116.97	153.68	108,18	146.46
Austria (19)	134 91	18	127 76	105 15	109 80	110 00	-04	2 23	137,34	129.40	106.91	111.57	110.41	186,70	134.91	164,30
Belglum (42)	136 27	+ 0.3	129 05	106 20	110 90	108.3	+i0	5.28	135 82	127.97	105.72	110.33	107.35	152.27	133.99	139.49
Canada (113)	115.11	+ 0.5	109 02	89.71	93 66	106.34	+06	3,19	114 49	107.87	89.12	93.00	105.62	142.12	111.36	130.23
Denmark (34)		-05	187 34	154 18	161 00	162 84	10-1	1.68	198 80	187.32	154.76	161.49	162.98	273.94	181.70	260.99
Finland (15)	71 26	-14	67 48	55 54	58.00	76.71	-10	1 84	72.24	68.07	56.24	58.68	77,47	89.80	52.84	73.72
France (99)		+12	137 59	113 23	118 24	121 81	1 13	3.70	143.54	135.24	111.73	116.59	120.23	188.75	136,93	139.78
Germany (64)		<b>⊢0.7</b>	98.62	81 18	34 76	84.76	F09	2.68	103.43	97.45	80.53	84.02	84.02	129.89	102.51	113.84
Hong Kong (63)	209.71	-23	198 60	163 44	170 69	208 28	3 -22	4 33	214 58	202.18	167.04	174.32	213.07	262.28	178.36	170.33
reland (16)		+03	134 33	110 55	115 44	118 57	, – 0 d	4.62	141.42	133 25	110.09	114.88	117.46	173.71	122.98	163,25
taly (77)		+14	51 18	42 12	43 98	56 71	+ 1.5	3.66	53 29	50.21	41.48	43,29	55.86	80.86	47.47	71.43
Japan (472)	109.45	+ 1.4	103 65	<b>95</b> 30	89 ŋ9	85 30		0 99	107.91	101.67	84.00	87.67	84.00	140.95	87.27	127.04
Malaysia (69)	264.84	+06	250 82	206 41	215 55	263 26	+07	2.52	263 26	248.05	204.93	213.65	261.34	282,42	212,49	206.50
dexico (18)	1612.11	+06	1526 73	1256 48	1312 10	5495 76	+04	1.09	1602.34	1509.76	1247,34	1301.84	5472.97	1789.77	1185.84	1284.51
Netherland (25)		+04	146 62	120 67	126 Ú1	124 51		4 57	154 23	145.32	120.06	125.29	123.68	169.70	147.88	148.00
New Zealand (13)	41 68	-05	39 47	32 48	:3 3.	42 76		5 22	41 91	39.49	32.62	34.04	42.85	48.52	37.39	44.90
Norway (22)	143.88	+07	136 24	112 13	117 09	131.51	+16	1.84	142 91	134.66	111.25	116.10	129.43	192.95	128.05	170.23
Singapore (38)		+16	197 01	162 13	169 31	157 22		2 10	204.72	192.89	159.36	166.30	154.48	229,63	179.65	208.08
South Africa (60)		-07	138 81	114 24	119 29	155 33		3 30	147.62	139.09	114.91	119.91	155.90	263.60	134.21	239.88
pain (48)		+ 0.8	114 82	94 49	98 67	102 27		5.69	120 31	113.36	93.66	97.73	101.17	161.72	107.10	146.5
weden (31)		+38	157 35	129 50	135 23	170.45		2 30	159.99	150.75	124.55	129.97	164,67	200.28	149.69	167.6
Switzerland (80)	114.53	+01	108 45	<b>99</b> 27	93 22	100.11		2,14	114,46	107.85	89.11	92,99	98.45	122.37	95.99	96.18
Jnited Kingdom (226)	174 68	+ 1.4	165 43	136 13	142 16	165 43		4 48	172.30	162.35	134.11	139.95	182.35	200.07	161.88	174.76
JSA (522)	180 06	+ 1.3	170 52	140 35	146 56	160 06	+13	2 84	177 73	167.46	138.38	144.38	177.73	180.06	160.92	157.63
Europe (778)		÷11	129.99	106 98	111.72	121 82	+14	3.86	135.83	127.98	105.74	110.35	120.10	158.88	131.31	140.16
lordic (102)	151 84	+22	143 80	118 35	123 59	138 86	+22	2.07	148.60	140.01	115.68	120.71	135.88	188.52	141.24	175.21
Pacific Basin (713)	113 33	+ 1.2	107 33	88 33	92 24	90 25	+13	1.33	111.95	105.48	87,15	90.94	89.06	141.97	93.70	128.60
uro - Pacific (1491)	123 01	+12	116 50	95.97	100 11	102 99		2.48	121.61	114.58	94.66	98.78	101.59	145.21	113.80	. 133.57
lorth America (635)	176.04	+13	166 71	137 22	143 30	175 06		2.85	173.81	163.77	135.32	141.22	172.84	176.04	158.70	155.85
urope Ex. UK (552)	115.08	+ 0.8	108 98	89 71	93 68	98.31		3.41	114.15	107.56	88.88	92,75	97.25	132.98	111.33	119.3
acific Ex. Japan (241)	151.44	<b>−0.1</b>	143 42	118.05	123 27	139 67		3.81	151.85	142.89	118.07	123.21	139.90	175.31	146.06	144.87
Vorid Ex. US (1682)	123 92	+11	117 35	96.59	100.86	104.99		2.50	122.57	115.48	95.42	99.57	103.62	146.91	115.99	135.30
Vorld Ex. UK (1978)	138.77	+ 1.2	131 42	108.16	112 95	124 36		2.43	137.17	129.24	106.78	111.44	122.82			
Vorid Ex. So. Al. (2144)	141.97	+12	134.45	110.66	115 56	127 70			140 28	132.18	109.21			150.58	127.21	138.60
	160.37	+ 1.1	151 88	125 00				2.64				113.97	126,03	153.05	130.04	141.18
World Ex. Japan (1732)				140 00	130 54	152 78	+12	3.22	158.61	149.45	123.48	128.87	150.92	165.40	151.93	150.98
The World Index (2204)	141.89	+ 1.2	134 37	110 59	115 49	126 00	+1.3	2.64	140.22	132.11	109.16	113.91	126.33	153,70	130.66	141.82